



ADDY Solar & Electric



Why Go Solar 101: Financial Incentives

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Introduction

If you're considering making the move to solar electricity, one of the major things to consider is finances. Maybe you're asking questions like:

"Can I really afford a solar installation?"

"I've heard that there are tax benefits, but will I have to jump through a bunch of hoops to get them?"

"Is it really worth it?"

In the following pages, you'll find an overview of the financial incentives available when you invest in solar energy. You'll know how to claim these incentives, and what you can expect to get back from your investment, dollar for dollar.

1. Solar Investment Tax Credit

The Solar ITC is a government-funded incentive to encourage home and business owners to switch to solar energy. Their goal is to make solar energy more affordable, so the nationwide usage of solar energy increases.

WHAT DOES THIS MEAN FOR YOU?

As a solar panel owner, you're immediately eligible to a federal tax deduction for 30% of the total cost of the system. There's no dollar cap, so whether you purchase \$10,000 or \$1,000,000 worth of solar equipment, you'll still receive the full 30%.



For example, if your total taxes owed at the end of 2017 was \$10,000, and you purchased a Solar PV system for a total of \$12,000, you're eligible for a \$3,600 deduction, leaving you with a remainder of \$6,400. But what if your 2017 tax burden was less than your solar tax credit? If your total taxes owed added up to \$2,000, but your tax credit was \$3,600, the remaining \$1,600 would roll over to the next year, and each subsequent year until it ran out.

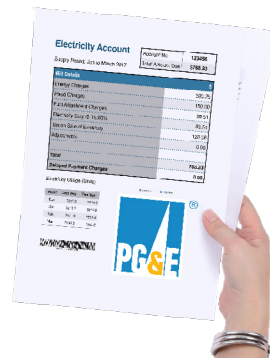


HOW TO CLAIM YOUR SOLAR ITC IN THREE STEPS:

- When you're ready to file your taxes for the year, fill out the two-page IRS "Residential Energy Credits" Form (5695).
- Add the results of Form 5695 to your [Income Tax Return](#) (Form 1040).
- Your tax credit will automatically be credited to you when you submit your tax return.

WHO IS ELIGIBLE?

As long as you own your solar energy system, you're eligible for this tax incentive. Even if you don't have enough tax liability to claim the entire credit, you are still entitled to the full 30%, which will be credited to you in the following years' tax returns. If you lease a solar energy system, you are not eligible for the tax incentive, since you are not the owner.



2. Solar Energy Net Metering

Looking for a way to make solar energy even more affordable? With net metering, homeowners can save hundreds of dollars per year on their utility bills.

If you invest in solar energy storage with SolarEdge, you actually have the opportunity to make money on your solar energy panels by storing excess energy and selling it back to the energy company. You'll receive credit for any extra power that your cells produce, and PG&E will purchase it from you at the current retail rate (generally around 17 to 20 cents per kilowatt-hour).

HERE'S HOW IT WORKS:

Each month, your energy bill will report back to you a net credit or charge (energy produced minus energy used). After every twelve months of reporting, you may qualify for net surplus compensation if you generated more than you consumed. If you generated more than you consumed, expect a check in the mail for the balance owed to you by PG&E.

Final Thoughts: Financial Freedom is in Your Future With Solar

While solar energy looks like a large investment at face value, we hope that you've seen that the financial incentives available actually make solar power within arm's reach. On top of these incentives, most solar owners pay significantly less monthly on their solar loan than they previously did on their energy bill. With lower monthly payments, your 30% tax credit, and the benefit of selling back your energy with net metering, you'll be well on your way to financial freedom by making the move to solar energy. Stop wasting money on using energy that someone else owns.