

# Inflation Reduction Act

## A Guide to Clean Energy Incentives



### Solar Overview

Under the Inflation Reduction Act, solar energy projects can utilize new tax incentives based on certain qualifying criteria for each project. For business taxpayers, these incentives are monetized through a dollar-for-dollar reduction to the business's federal tax liability. For non-profit organizations, these incentives are directly rebated to the non-profit through a mechanism called direct pay.

### Incentive Overview

Base Solar Investment Tax Credit <sup>1</sup>	30% of investment total
Adder for Projects Sited in a Low/Medium Income Area <sup>2</sup>	10% of investment total
Adder for Projects Meeting Domestic Content Requirements <sup>3</sup>	10% of investment total
Adder for Projects Sited in a Community Energy Area <sup>4</sup>	10% of investment total

1. Projects <1,000 kW ac receive 30% automatically. Projects >1,000 kW ac are required to meet prevailing wage and apprenticeship requirements.
2. Project must be located in a qualified LMI census tract.
3. Project must meet 40% of materials sourced from domestic sources.
4. Project must be located in a qualified community energy area.

### Additional Incentives



#### Tax Transferability

Tax credits can now be transferred between taxpaying entities in whole or part for each project.



#### Retroactive Application

Tax credits can now be applied retroactively for up to three tax years, provided the business cannot utilize the entire tax credit in the year the system is placed in service.



#### EV Infrastructure

Tax credits for electric vehicle charging infrastructure can now be claimed for 30% of the infrastructure cost or up to \$100,000 per project.