

SolarMax Technology, Inc.

Can I Use the Residential Renewable Energy Tax Credit?

A Tax Credit Guide for New Customers



(951) 300 - 0788

3080 12th Street Riverside, CA 92507



Introduction

There can be a considerable amount of confusion and misunderstanding regarding the Residential Renewable Energy Tax Credit. While the concept seems simple, it may be complicated for customers. Everyone's tax situation is different. There is no universal answer that applies to all customers. Below, we offer information to help you understand the application of the Residential Renewable Energy Tax Credit, so you may better understand how it may affect you.

Keep in mind that we are not Tax Professionals. We are not qualified to provide customers with Tax Advice. Always seek the advice of a Tax Professional to determine how to best utilize any Residential Renewable Energy Tax Credit that you may be eligible to receive.



Elements of Energy Tax Credits

1. The Residential Renewable Energy Tax Credit **is not a Rebate.**
2. The Residential Renewable Energy Tax Credit **is not a check.**
3. The Residential Renewable Energy Tax Credit **is not an itemized deduction.**
4. The Residential Renewable Energy Tax Credit is a credit that can be used to offset your Federal Income Tax Liability.
 - a. This means that **you must owe taxes in order to utilize the Residential Renewable Energy Tax Credit.**
 - i. Having a Tax Liability does not mean that you have to write a check when you submit your tax return. It means that the IRS keeps some of the Income Tax that was withheld or paid.
 - ii. Getting a refund does not mean that you do not owe taxes. It means that more taxes were taken out, or paid, than what you ended up owing.

iii. Not having to write a check to the IRS when you submit your Tax Return to the IRS does not mean that you do not owe taxes.

b. The amount of any Residential Renewable Energy Tax Credit that is used **cannot exceed the total Tax Liability for that year.**

i. In other words, you cannot use a credit for more than what you owe.

ii. You may be able to use some of the Residential Renewable Energy Tax Credit now, and some later.

iii. You may be able to carry over the Residential Renewable Energy Tax Credit to another year and use it when you have a Tax Liability in a future year.

iv. The Residential Renewable Energy Tax Credit was scheduled to expire on December 31, 2016, but was extended at 30% through December 31, 2019. The percentage decreased to 26% in 2020 to 2022. As a result of the Inflation Reduction Act, signed on August 16th, 2022, the Residential Renewable Energy Tax Credit has been increased to 30%, retroactively in 2022 through 2032.



Conclusion

We are not qualified to provide customers with Tax Advice. Always seek the advice of a Tax Professional to determine how to best utilize any Residential Renewable Energy Tax Credit that you may be eligible to receive.

Here is a link that provides instructions for filling out the form required for claiming the Tax Credit: <https://www.irs.gov/pub/irs-pdf/i5695.pdf>



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