

Safe Harbor and the ITC



How you can save BIG by taking advantage of lucrative solar incentives before Dec. 31, 2020.

What is the ITC?

The U.S. Investment Tax Credit (ITC) is a solar incentive that provides a 26% federal tax credit for eligible costs of going solar.

Your savings by year.

Right now you can receive a 26% credit if you act fast.



In 2020, your Investment Tax Credit is 26% of the solar system cost. This savings opportunity decreases 4% next year.

Thanks to an IRS provision called **Safe Harbor**, you can preserve the 26% credit this year.

What is Safe Harbor?

The phase-out of the solar carve-out income tax credit (ITC) is set to drop the credit from 26% to 22% starting January 1, 2021. However, there is a Safe Harbor provision in the tax code that allows eligible solar projects to qualify for the full 26% tax credit if they meet certain criteria **before the end of the 2020 calendar year.**

There are two ways a company can qualify: The Physical Work Test or The Five Percent of Cost Test. If a project satisfies either one of these tests, it can still qualify for the full 26% tax credit as long as it is completed and in service BEFORE January 1, 2024.

Required before Dec. 31

- Physical Work Test: Begin “work of a significant nature” on the project (example: significant construction has taken place)
- Five Percent of Cost Test: Execute contract and pay a minimum of 5% of system cost

Call Solect today and let us help you safe harbor your project!

ACT NOW

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