



# Government incentives for solar panels

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The federal solar tax credit is back to 30%, and there's never been a better time to install solar and start saving on energy costs.

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) of 2022 into law, immediately activating the Residential Clean Energy Credit for solar, battery storage, and more.

Also known as the Investment Tax Credit (ITC), this solar incentive was at 26% in 2022 and scheduled to step down to 22% in 2023 before going away entirely for residential solar in 2024. However, with the IRA in effect, the tax credit is back to 30% until 2032; or until a future administration repeals it.

In this article, we'll explore the new and improved federal solar tax credit and show you how step-by-step to claim it.

The Residential Clean Energy Credit (formerly known as the ITC) is a tax credit worth 30% of the gross cost of your solar project (parts, labor & the whole chalupe) with no maximum incentive amount.

Even though it's commonly known as the solar tax credit, the Residential Clean Energy Credit also applies to battery storage, wind, geothermal heat pump, and fuel cell expenditures.

So if your all-in solar cost is \$25,000, your federal solar tax credit would be worth \$7,500. If you spend \$75,000 on solar and battery, your tax credit would be worth \$22,500.

The only requirements to use this incentive are:

We'll cover how to claim your federal solar tax credit later on. First, let's see how the federal solar tax credit got to 30% in 2022.

Since its creation in 2005, the solar tax credit has gone through several updates and wore several nametags. So, for the sake of simplicity, we'll just refer to it as the "federal solar tax credit";

The last time it was at 30% was 2019. Then it stepped down to 26% for 2020-2022. It was scheduled to step down to 22% in 2023 before expiring for residential solar customers in 2024.

Here's the new and improved federal solar tax credit step-down schedule:

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