



Federal Tax Credits for your ClearVue PV Solar Investment

The solar tax credit at-a-glance

The Internal Revenue Code (IRC) allows an investment tax credit (ITC) for property that uses solar energy to generate electricity. This broad definition covers all types of solar products. What's more, the solar ITC was supercharged recently under the Inflation Reduction Act (IRA) – this landmark legislation is helping to accelerate the transition to clean energy through valuable tax credits.

Tax credit rates

The ITC uses a tiered credit rate structure consisting of base credits and a series of stackable bonus credits. The lowest base rate available for solar ITC property is 6%; however, a base rate of 30% is available for properties that produce less than 1 megawatt of electricity (based on nameplate capacity, measured in alternating current). Bonus credits are also available if your project is located in certain census-designated areas. Combined, these credits can be over 50% of your qualified solar property investment. These generous credit rates are currently slated to be in effect for projects beginning construction through 2033; thereafter, the credits begin to phase out.

The pool of costs the credit rate is applied to is expansive, covering not only the solar components and related labor costs, but also all components (and related labor) that are “interdependent” with the solar property. In the case of ClearVue PV products, this could include equipment and labor for the solar glass itself as well as items such as framing, electrical, and control systems, to name a few. Additionally, a portion of certain “soft” costs such as architectural or permitting fees might be allocable to the ITC, further maximizing the ultimate credit benefit available.

Credit eligibility for ClearVue PV solar products

CLA has reviewed ClearVue PV's product portfolio for ITC eligibility under IRC Sections 48 and 48E. We believe all products would qualify as solar energy property for credit purposes since they all generate solar electricity, including ClearVue PV vision glass, facades, solar cladding, spandrels, and balustrades. If total nameplate capacity of a ClearVue PV integrated system is less than 1 megawatt, a 30% base ITC rate would be available.

Monetizing your ClearVue PV solar investment

The solar ITC is claimed once your qualifying property is placed in service. The placed-in-service date will also determine the tax year for which your ITC is claimed on a tax return (or transferred, in the case of a taxpayer selling its ITC). Often, the certificate of occupancy date is used for the placed-in-service date for integrated building systems.

Taxpaying entities can claim the ITC directly against their federal income taxes. However, the IRA also creates new ways to monetize the ITC. Specifically, Section 6417 allows tax-exempt entities such as nonprofits and state and local governments to turn their ITCs into direct cash payments from the IRS, while Section 6418 allows for-profit entities to sell their ITCs for cash. Thus, organizations have more optionality than ever for subsidizing their clean energy investments through tax savings.

Let's connect

CLA – a top 10 national audit, tax, and advisory firm – has a team of energy tax professionals ready to help evaluate, document, and claim your solar ITCs. Please contact Michael De Prima at michael.deprima@claconnect.com or 239-280-3548 to start the conversation.

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