

What is a "safe harbor" for solar projects?

The "safe harbor" provision makes this possible. Safe harboring allows companies to demonstrate a good-faith effort at starting a solar project to lock in the applicable tax credits in place that year. Once they secure the credits, they have four years to complete the project -- known as the "continuity safe harbor."

Is it time to 'safe harbor' your solar projects?

In 2016, it was wind. Now it's solar. With new guidance from the IRS, it's time to "safe harbor" your projects. Last year, the United States Internal Revenue Service (IRS) issued guidance that clarified the future of the Investment Tax Credit (ITC) for US solar projects.

What is a 5 percent safe harbor?

A "five percent (5%) safe harbor"--a taxpayer may establish the beginning of construction by meeting a safe harbor based on having paid or incurred 5% or more of the total cost of the energy property as set forth in section 5 of Notice 2018-59.

How does safe harboring work for Solar Contractors?

Safe harboring looks different for residential solar contractors than for utility-scale contractors. Residential contractors can claim these bonus credits for third-party owned systems, and will typically stockpile inverters or solar panels to secure the safe harbor.

Why is the solar industry gearing up to safe harbor equipment?

Following this example, the solar industry is gearing up to safe harbor equipment to qualify later projects for the ITC. This move will also allow time to continue development and potentially avoid solar tariffs imposed on imports now through 2021.

When will the continuity safe harbor be applied?

Thus, the Continuity Safe Harbor will be applied beginning in 2018, not in 2019. The Physical Work Test requires that a taxpayer begin physical work of a significant nature. This test focuses on the nature of the work performed, not the amount or the cost.

The guidance eliminates the 5% safe harbor test for solar facilities larger than 1.5 MWac and all wind facilities. Solar facilities that are 1.5 MW and smaller may still use the 5% safe harbor test ...

We successfully achieved safe harbor for 4 projects in 2019, assuring our clients could maximize their tax benefit. Contact one of our non-commissioned solar experts today to start a ...

The new notice, Notice 2025-08, provides a "First Updated Elective Safe Harbor," modifying a previous safe harbor provided by the IRS. This Holland & Knight alert summarizes the First ...

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A2: Yes, starting in 2023, modifications to existing batteries should qualify for the stand-alone storage credit as long as the modification increases the capacity of the battery ...

5% Safe Harbor for Low-Output Solar Facilities The Notice provides for a 5% safe harbor test that appears to be designed to accommodate rooftop and community solar ...

Notice 2024-21 provides a safe harbor with simplified calculations for ground solar, rooftop solar, land-based wind, and electric battery storage projects. The notices offers a ...

In sum, you will be ready to safe harbor your solar projects this year and next by following a few simple steps--all to reduce risk down the road: Estimate capital costs to help ...

If you are planning to develop solar in 2019 and beyond and are looking to leverage the IRS Safe Harbor rule, you should be implementing an insurance program that addresses the loss of tax ...

US solar developers face a narrowing window to safe harbor equipment and secure tax credits, as the Senate weighs a bill that would repeal the Investment and Production Tax Credits for renewables ...

Specifically, Notice 2025-8 provides a variety of updates to the safe harbor tables, including: Solar: The updated tables update cost percentages, make certain adjustments to the characterizations of applicable project ...

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Thanks to the Safe Harbor provision, businesses can still get 26% tax credit if they invest at least 5% of the total system cost prior to the end of 2020. By investing 5% up-front, Safe Harbor allows commercial solar projects to receive ...

The New Elective Safe Harbor lists the tables showing percentages of production costs for solar, land-based wind, and battery electric storage system components, simplifying compliance calculations. For ...

The U.S. Department of the Treasury released additional guidance on the Inflation Reduction Act's domestic content tax credit bonus for solar and battery energy storage projects. The guidance today builds on the ...

Section 6 of Notice 2018-59 discusses the continuity requirement and provides a safe harbor for satisfying this requirement. The notice also includes rules for transferring energy property as ...

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