



**SOLAR ENERGY OR SMALL HYDROPOWER SYSTEM
OR GEOTHERMAL MACHINERY AND EQUIPMENT CREDIT**

Attach to your Income Tax Return

Names As Shown On Tax Return

SSN or FEIN

Type of System Installed (check one)

- Solar energy system (must be certified for performance by the nonprofit Solar Rating and Certification Corporation (SRCC) or a comparable entity endorsed by the State Energy Office)
- Small hydropower system (must be installed on or after **July 1, 2009**)
- Certification Requirement for Solar Credit. I have the certification for performance by SRCC or a comparable entity endorsed by the State Energy Office.
- Geothermal machinery and equipment (**must be installed on or after January 1, 2016**)

Installation of Solar Energy Credit Computation

1. Cost incurred in installing solar energy systems or geothermal machinery and equipment placed in service during the tax year in facilities in South Carolina owned by the taxpayer	1.	\$ _____
2. Maximum credit amount. Multiply line 1 by 25% (0.25).	2.	\$ _____
3. Enter the amount carried forward from previous tax years	3.	\$ _____
4. Add lines 2 and 3	4.	\$ _____
5. \$3,500 annual credit limit	5.	\$ _____
6. Maximum single year credit amount. Multiply line 5 by the number of facilities	6.	\$ _____
7. Enter the lesser of lines 4 and 6	7.	\$ _____
8. Current year tax liability	8.	\$ _____
9. Current year credit limit. Multiply line 8 by 50% (0.50)	9.	\$ _____
10. Enter the smaller of lines 7 and 9. This is your current year credit. Enter this amount on the appropriate tax credit schedule	10.	\$ _____
11. Line 4 minus line 10. Unused credits may be carried forward for up to 10 years	11.	\$ _____

General Information

Code Section 12-6-3587 provides a corporate or individual tax credit of 25% of the costs incurred by a taxpayer in the purchase and installation of a solar energy system or small hydropower system for heating water, space heating, air cooling, energy-efficient daylighting, heat reclamation, energy-efficient demand response, or the generation of electricity in or on a facility in South Carolina and owned by the taxpayer. The taxpayer may not claim the credit before installation is complete. The amount of the credit in any year may not exceed \$3,500 for each facility or 50% of the taxpayer's tax liability for that tax year, whichever is less. If the amount of the credit exceeds \$3,500 for each facility, the taxpayer may carry forward the excess for up to 10 years.

Beginning January 1, 2016 Code Section 12-6-3587 provides an **individual** tax credit of 25% of the costs incurred by a taxpayer for use in the **taxpayer's residence** for purchase and installation of geothermal machinery and equipment. The taxpayer may not claim the credit before installation is complete. The amount of the credit in any year may not exceed \$3,500 or 50% of the taxpayer's tax liability for that year whichever is less. If the amount of the credit exceeds \$3,500, the taxpayer may carry forward the excess for up to 10 years.

Caution! The credit for a small hydropower system may be claimed only if the system was installed on or after July 1, 2009.

The Solar Energy or Small Hydropower System Credit:

- includes a system installed in or on a facility in South Carolina owned by the taxpayer.
- includes costs of installing systems that generate electricity without cooling or heating.

- includes the cost of purchasing a system as well as installation costs.
- includes costs incurred in the previous tax year.
- is limited to \$3,500 in any tax year for each facility.
- must be certified for performance by Solar Rating and Certification Corporation (SRCC) or a comparable entity endorsed by the State Energy Office. A Certification for PV Systems form can be found at energy.sc.gov under SC Tax Incentives.

Caution! The credit for geothermal machinery or equipment may be claimed only if the system is installed on or after January 1, 2016.

The Geothermal Machinery or Equipment Credit:

- includes machinery or equipment owned by the taxpayer for use at the taxpayer's residence.
- is a heat pump that uses ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure.
- uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling.
- is limited to \$3,500 in any tax year.
- on the date of installation, meets or exceeds applicable federal Energy Star requirements.

Important: Keep the certification with your tax records.

Definitions:

A "system" includes all controls, tanks, pumps, heat exchangers, and other equipment used directly and exclusively for the solar energy system. It does not include any land or structural elements of the building such as walls and roofs or other equipment ordinarily contained in the structure. The credit is not allowed for a solar system unless the system is certified for performance by the nonprofit Solar Rating and Certification Corporation or a comparable entity endorsed by the State Energy Office.

A "small hydropower system" is a new generation capacity on a nonimpoundment or on an existing impoundment that: (1) meets licensing standards as defined by the Federal Energy Regulatory Commission (FERC); or (2) is a run-of-the-river facility with a capacity not to exceed 5MW; or (3) consists of a turbine in a pipeline or in an irrigation canal.

"Geothermal machinery and equipment" is a heat pump that uses ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure. It uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling.

NOTE: If filing a paper return, attach to your Income Tax Return. If filing electronically keep a copy with your tax records.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taxpayer. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.