

Renewable Energy Tax Credits

North Carolina's various renewable-energy tax credits are unified into a statute that addresses nearly all renewables. A tax credit of 35% of the cost of renewable energy property constructed, purchased or leased by a taxpayer and placed into service in North Carolina during the taxable year is provided by the statute.

Program Requirements: The credit is subject to various ceilings depending on sector and the type of renewable-energy system. The following credit limits for various technologies and sectors apply:

- A maximum of \$3,500 for residential active space heating, combined active space and domestic water-heating systems, and passive space heating;
- A maximum of \$1,400 for residential solar water-heating systems, including solar pool-heating systems;
- A maximum of \$10,500 for photovoltaic (solar-electric), wind, or other renewable-energy systems for residential use;
- A maximum of \$2,500,000 for all solar, wind, hydro and biomass applications on commercial and industrial facilities, including photovoltaic (PV), daylighting, solar water-heating and space-heating technologies.

Expenditures eligible for the tax credit include:

- Cost of the equipment and associated design
- Construction costs
- Installation costs less any discounts
- Rebates
- Advertising
- Installation-assistance credits
- Name-referral allowances or other similar reductions.

Maximum Amounts: The credit is taken in five equal installments beginning with the year in which the property is placed in service. If the credit is not used entirely during these five years, the remaining amount may be carried over for the next five years. The credit can be taken against franchise tax, income tax or, if the taxpayer is an insurance company, against the gross premiums tax.

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