



Do energy storage projects qualify for a bonus rate?

Energy storage projects (i) not in service prior to Jan. 1, 2022, and (ii) on which construction begins prior to Jan. 29, 2023 (60 days after the IRS issued Notice 2022-61), qualify for the bonus rate regardless of compliance with the prevailing wage and apprenticeship requirements.

Can a business claim 100% bonus depreciation?

Under the new law, businesses may claim 100% bonus depreciation on what the rules now define as "qualified property." Property that is acquired and placed in service after Sept. 27, 2017, and before Jan. 1, 2023.

Is a bonus depreciation (DRO) a good investment?

However, for most tax equity investors in today's ITC market, the required additional commitment or 'risk' is not worth the reward if the partner has little tolerance for the DRO or is not interested in building up a net operating loss (NOL) via bonus depreciation.

When will bonus depreciation be phased down?

With the new law, bonus depreciation at the 100% level is also eventually phased down 20 percent each year for qualified property that is placed in service after Dec. 31, 2022, and before Jan. 1, 2027.

What is a 'qualified property' under the new bonus depreciation rules?

The new bonus depreciation rules define 'qualified property' as tangible personal property with a recovery period of 20-years or less.

Why is bonus depreciation important?

Originally, bonus depreciation was conceived as an economic policy using tax law to increase U.S. job creation and economic growth. The stated economic purpose of bonus depreciation has historically been to stimulate demand and increase commercial spending on newly manufactured goods.

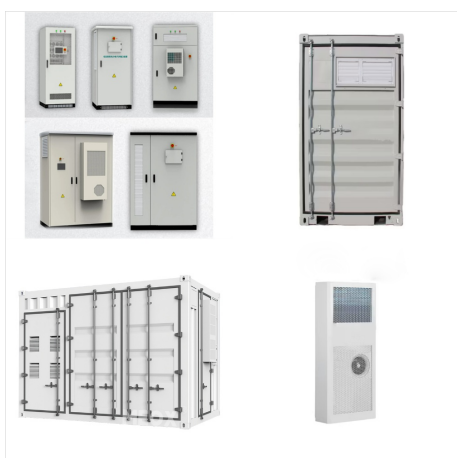
# ENERGY STORAGE BONUS DEPRECIATION



Explore energy storage solutions for businesses with EnergySage. Enhance operational efficiency with smart storage. Discover options now! Bonus depreciation for solar is scheduled to expire at the end of 2022???so if you want to take advantage of this incentive, now's the time to start looking at solar for your business.



For interior-storage and climate-controlled properties, this could be 30% to 50%. Bonus depreciation is based on the year a self-storage facility was purchased or completed. It was 100% from 2008 and 2022. It falls to 80% this year and 60% in 2024. Though bonus depreciation is declining, the value is still quite large.



11. Energy Storage. The IRA added standalone energy storage technology, which includes electrical energy storage property, thermal energy storage property and hydrogen energy storage property, to the list of property eligible for the Section 48 ITC. The Proposed Regulations provide clarity regarding the various types of energy storage property:

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Residential Commercial Agriculture Energy Storage  
Repairs & Maintenance Testimonials View Our  
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(216) 333-1364. Bonus depreciation calls for  
businesses to take a 50% bonus depreciation the  
first year that a property is in use of 85% of the total  
cost of the system, before following the MACRS



Certain qualified clean energy facilities, property  
and technology placed in service after 2024 may be  
classified as 5-year property via the modified  
accelerated cost recovery system (MACRS) under  
Provision 13703 of the Inflation Reduction Act of  
2022.



Gasoline storage tanks and pumps at retail service  
stations. Livestock, including horses, cattle, hogs,  
sheep, goats, and mink and other furbearing  
animals. Other bonus depreciation property to  
which section 168(k) of the Internal Revenue Code  
applies. and wind energy property. Any machinery  
equipment (other than any grain bin, cotton

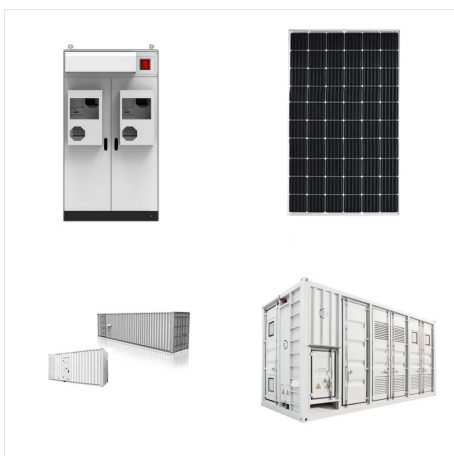
# ENERGY STORAGE BONUS DEPRECIATION



Many businesses use MARCS depreciation, or the Modified Accelerated Cost Recovery System, to model how an asset will depreciate. Solar has a 5-year cost recovery period. Bonus depreciation allows an investor to recognize 100% of the depreciation in the same tax year the system is placed in service. Currently, in 2022, the basis of depreciation of qualifying solar ???



You can qualify for MACRS as long as you're the owner of "qualified facilities, property and energy storage technology," according to the IRS. Another tax incentive called bonus depreciation can also be applied to ???



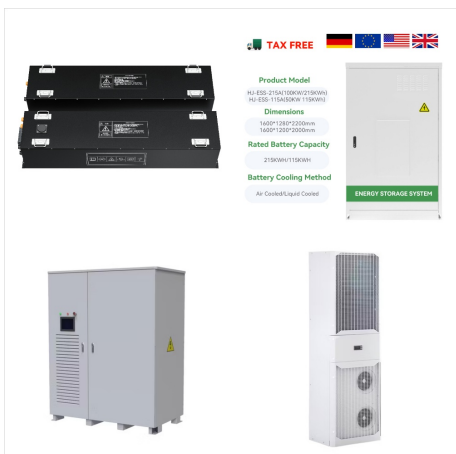
system to an applicable project. To be eligible for the ITC on standalone storage, construction must begin prior to January 1, 2025. The inclusion of standalone storage is a welcomed and much-needed development for the solar industry. Under current law, a storage system must be coupled with qualifying "energy property"



# ENERGY STORAGE BONUS DEPRECIATION



The expansion of the Section 7701(e)(3) safe harbor to energy storage facilities is a welcome development that will provide additional comfort that properly structured battery energy services agreements with governments and tax ???



Bonus depreciation is just one of the valuable tools business owners should understand and use to reduce tax bills. It allows you to claim an immediate deduction in the first year of your solar investment rather than ???



Products eligible for federal tax credits include solar panels for electricity, home backup power battery storage (capacity greater than 3 kWh), solar water heating products, and other qualified energy efficiency upgrades. extended the "placed in service" deadline for bonus depreciation. Equipment placed in service before January 1

# ENERGY STORAGE BONUS DEPRECIATION



Established a basis in solar panels and related equipment for purposes of claiming an energy credit under Secs. 46 and 48 and a special allowance for depreciation under Sec. 168(k) (bonus depreciation); Satisfied the requirements of then-applicable Sec. 168(k)(5); Had sufficient amounts at risk under Sec. 465;

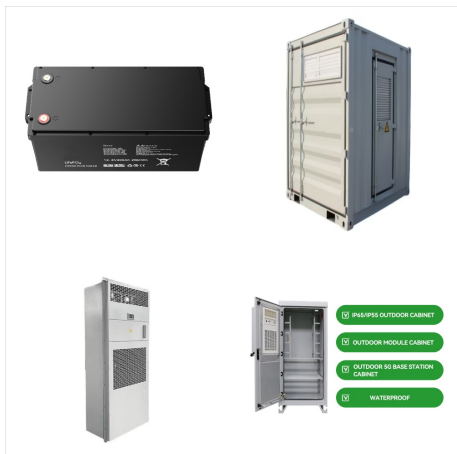


Solar + energy storage systems offer a myriad of local and grid-wide services. This article helps you with maximizing your incentives. Systems commissioned after 1/1/2018 qualify for 40% bonus depreciation while systems commissioned in 2019 qualify for 30% bonus depreciation. Using MACRS businesses can deduct the depreciation expense of



Results in increased depreciation benefits by properly classifying costs by distinguishing long-lived property from short-lived property based on IRC ? 168 and Rev. Proc 87-56. Can include an analysis of the costs to recommend property that may be eligible for 100% bonus depreciation under the Tax Cuts and Jobs Act. Examples 5-year

# ENERGY STORAGE BONUS DEPRECIATION



"Energy Storage Technology" eligible for ITC is: 10 percent bonus An area which has (or at any time after December 31, 1999, had) (i) (a) significant employment ( $> 0.17$  percent) related to the extraction, processing, transport, or storage of coal, oil, or natural gas (as determined by the Secretary) or (b) 25 percent or greater local tax



Energy Community Bonus An energy community is one of three things: 1) a brownfield site; 2) an area that, after 2009, had a 0.17% or more direct employment or 25% or more local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or



The ITC for energy storage created by the IRA will be similar to current law with a five-year period for modified accelerated cost recovery system (MACRS), which is a more beneficial approach that

# ENERGY STORAGE BONUS DEPRECIATION



The Inflation Reduction Act of 2022 (IRA) enacted a wide range of legislation intended to further a variety of policy goals, including decarbonization, energy and resource security, environmental justice, and good-paying job ???



Discussing bonus depreciation's evolution post the Tax Cuts and Jobs Act of 2017, the article delineates the depreciating landscape, highlighting the phase-out schedule until 2027. targeting owners of qualified clean electricity facilities and energy storage technologies. Let's break it down for you. Important Tax Update for U.S. Expats. 13



This resource from the U.S. Department of Energy (DOE) Solar Energy Technologies Office (SETO) provides an overview of the federal investment and production tax credits for businesses that own solar facilities, including both photovoltaic (PV) and concentrating solar-thermal power (CSP) energy generation technologies.



# ENERGY STORAGE BONUS DEPRECIATION



After the Tax Cut and Jobs act rewrote how solar technology is depreciated, Federal Bonus Depreciation is 87% of the total or gross cost of the system ??? the video above lays out an example. Energy storage is ideal for businesses that incur significant peak hour charges. LED LIGHTING RETROFIT.



Energy storage batteries with a capacity rating of 5 kilowatt hours or greater (including those not charged with solar). Bonus Depreciation. Businesses that install a solar PV system between January 1, 2018 and December 31st 2022 are eligible for 100% bonus depreciation. Starting in 2023, the amount of capital equipment a business can



Bonus depreciation of 80% Assumes project meets prevailing wage and apprenticeship requirements (impacts investment tax credit value) Financial result does not capture any avoided cost of not purchasing renewable energy credits and emission reductions nor does it capture the intrinsic value of the green marketing both internally and externally.

# ENERGY STORAGE BONUS DEPRECIATION



To explain the solar depreciation bonus, we first need to explain tax depreciation. Basically, depreciation is a way to spread the cost of an asset over its lifespan. For example, if you purchase a new car for \$20,000, you can elect to depreciate the vehicle over five years. This means that each year, you can deduct \$4,000 from your taxable income.



Currently, depreciation of solar, energy storage, wind energy and many other qualifying investments is using two primary methods concurrently: Bonus: A category of depreciation known as "accelerated", bonus depreciation allows a business to write off all or part of an asset's cost in its first year of use. But it is a disappearing act.



Notes: Companies may choose to use Bonus Depreciation instead of the 179D deduction depending on project costs and their tax liability, Modified and extended to include standalone energy storage with capacity of at least 5 kWh, biogas, microgrid controllers (20MW or less), and interconnection property for projects with 5MW or less.

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