



Solar incentives pretoria

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To encourage individuals to invest in clean electricity-generation capacity, the solar energy tax credit was available for one year. Below you will find everything you need to know about this rebate and how to claim this filing season starting 15 July 2024.

In 2023, the Minister of Finance introduced a solar panel tax rebate in the Budget Speech. It is a financial incentive for individual taxpayers who install solar panels. The rebate applies to qualifying solar photovoltaic (PV) panels that are brought into use for the first time during the period commencing on 1 March 2023 until 29 February 2024.

Individuals who pay Personal Income Tax and install new and unused PV panels can claim the rebate of 25% of the cost of these panels, up to a maximum of R15000, against their tax liability. This rebate does not apply to solar installations at business premises.

If you qualify for the rebate, you must include the total cost of the PV panels when completing and filing your Income Tax Returns (ITR12) for 2024. SARS will calculate the rebate for you, so you do not need to do so when completing your tax return.

The South African government has introduced a Solar Tax Incentive in 2023 to encourage investments in solar energy and address the ongoing energy crisis. As a solar installer, it's essential to understand how this incentive affects both individual taxpayers and businesses, enabling you to advise your clients effectively and maximize their savings potential. Here's what you need to know.

For businesses, the Solar Tax Incentive provides a significant deduction for renewable energy investments. This measure aims to accelerate business investments in solar and other renewable energy sources. Here's what applies:

The Solar Tax Incentive offers solar installers a unique opportunity to provide added value to clients. With the right guidance, you can help both individual and business clients navigate these benefits, ensuring they maximize their tax savings and contribute to a greener, more sustainable South Africa. Be mindful of the upcoming change after 1 March 2024, when the business deduction rate reverts to 100%. This timeframe offers a compelling reason for clients to act swiftly to maximize their financial benefit.

A new section 6C of the Income Tax Act 58 of 1962 (the Act) is proposed to be introduced, which provision is proposed to allow individual taxpayers to claim a rebate to the value of 25% of the cost of new and unused solar photovoltaic (PV) panels (which are brought into use for the first time from 1 March 2023 to 1 March



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2024), subject to a maximum of R15,000 per individual taxpayer.

The rebate extends only to new and unused solar PV panels which are installed and connected to the main distribution board of the individual taxpayer's residence used mainly for domestic purposes. It is noted that there does not appear to be any limitation on ownership therefore either the landlord or the tenant, whichever of individual incurs the costs (i.e., pays) for such panels is eligible to claim the rebate. Qualifying solar panels must have a minimum capacity of 275W per panel.

The rebate requires that the individual provides a certificate of compliance in terms of electrical installation regulations. However, the rebate does not apply to the cost of the installation. Furthermore, the rebate does not cover any other components of the solar system, i.e., batteries, inverters, fittings, diesel generators or portable panels.

It is recommended that in order to limit the queries from SARS in claiming such rebate that the individual requests the service provider to provide a separate VAT invoice for the costs of the solar PV panels and make payment thereof separately. It may be prudent to ensure that the details of the individual claiming the rebate are duly recorded on the invoice and the proof of payment.

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