



DEPARTMENT OF TAXATION

STATE OF HAWAII
January 21, 1980

TAX INFORMATION RELEASE No. 80-3

RE: Solar Energy Devices Income Credit

Advice has been requested as to who is entitled to claim the solar energy income tax credit in the case of a solar energy device installed by the developer of a condominium structure.

Section 235-12, Hawaii Revised Statutes, provides that the credit shall be claimed against net income tax liabilities for the year in which the solar energy device was purchased and placed in use.

The device shall be considered as placed in use at the time a condominium unit is occupied. The purchaser of a condominium unit shall claim the tax credit based on the amount of his purchase price which is allocated to his pro-rated share of the cost of the solar energy device (see Reg. No. 79-2(N), Article 9) in the year in which the unit is purchased and occupied.

The developer could take a tax credit only on the prorated cost of the solar energy device attributable to units which were rented or occupied by the developer and thus placed in use.

The cost and installation of material for the insulation of a hot water heater tank and hot water pipes where exposed, if installation constitutes a component part of the solar energy system, is to be included in the cost of the device. However, if such installation is separate from the device, the credit allowed is subject to the provision of Section 235-55.8, HRS.

A solar energy device is one that uses solar energy for heating or cooling purposes or reducing the use of energy generated by fossil fuel. Generally, a solar energy system is one that changes sunlight into heat or energy. Therefore, heat pumps do not qualify for the credit nor do tinted windows, skylights and other energy conserving structural components.

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