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## Phone Numbers

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If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Form orders	(602) 542-4260
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: [www.azdor.gov](http://www.azdor.gov)

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## General Instructions

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For taxable years beginning on or after January 1, 1995, Arizona law provides a solar energy credit for an individual who installs a solar energy device in his or her residence located in Arizona.

The solar energy credit for buying and installing a solar energy device is 25 percent of the cost, including installation, or \$1,000, whichever is less. If you install another device in a later year, the cumulative credit cannot exceed \$1,000 for the same residence.

If the allowable tax credit is more than your tax or if you have no tax, you may carry the unused credit forward for up to the next 5 consecutive years.

To be eligible for this credit, you must be an Arizona resident who is not a dependent of another taxpayer.

A solar energy device is a system or series of mechanisms which collect and transfer solar generated energy and which is designed primarily to:

- Provide heating
- Provide cooling
- Produce electrical power
- Produce mechanical power
- Provide solar daylighting; or
- Provide any combination of the above by means of collecting and transferring solar generated energy into such uses either by active or passive means, including wind generator systems that produce electricity.

Solar energy systems may also have the capability of storing solar energy for future use. Passive systems must clearly be designed as a solar energy device, such as a trombe wall, and not merely as a part of a normal structure, such as a window.

Only a system or device which performs one or more of the above functions qualifies for the credit. An individual component of a system does not qualify for the credit by itself.

**The following devices, when used for residential purposes, qualify for the credit:**

- Solar domestic water heating systems - collectors, storage tanks, heat exchangers, and piping, valves, wiring, etc., directly related to the solar system.
- Solar swimming pool and spa heating systems - collectors, heat exchangers, piping, valves, wiring, etc., directly related to the solar system.

- Solar photovoltaic systems - collectors, batteries, inverters, solar system related wiring, and including solar photovoltaic systems for recreational vehicles used as a residence. End-use appliances (even if they are 12 vdc) are excluded unless they are manufactured specifically for photovoltaic systems applications.
- Solar photovoltaic phones, street lighting, etc. - collectors, batteries, inverters, and solar system related wiring. Phone, lights, etc., are excluded unless they are manufactured specifically for photovoltaic applications.
- Passive solar building systems - trombe wall components, thermal mass, and components specifically designed for energy gains. Dual pane windows, low-e, and other window coatings, etc., are excluded.
- Solar daylighting systems - those devices and systems specifically designed to capture and redirect visible solar energy while controlling the infrared energy (conventional skylights are specifically excluded).
- Wind generators - windmill, structure, generator, batteries, controls, wiring, and other components directly related to the wind generator. End-use appliances are excluded.
- Wind-powered pumps - windmill, structure, pump, pipes, and other components directly related to the wind pump.

The person who sells you your solar energy device must furnish you with a certificate stating that the solar energy device complies with Arizona's solar energy device requirements. If you designed and installed the system yourself, you will not receive such a statement, but your solar energy device must meet the required criteria.

For more information on the solar energy credit and the Arizona solar energy device requirements, see the Arizona Department of Revenue brochure, Pub 543, *Solar Energy Credit*. To get a copy of this brochure, visit our web site, or call one of the numbers listed at the beginning of this page.

**The following DO NOT qualify for the credit:**

- Conventional plumbing components - water softeners, drinking water systems, etc., even if they are provided (free or otherwise) as part of the system.
- Conventional controls - load controllers, programmable thermostats, etc., even if they are provided (free or otherwise) as part of the system.
- Conventional heating/cooling systems - air conditioners, heat pumps, evaporative coolers, furnaces, regardless of efficiency.
- Conventional windows and window treatments - dual-pane, low-e, shade screens, reflective and dark coatings, awnings, interior shades, drapes, and blinds.
- Conventional skylights.
- Appliances (all voltages) - refrigerators, lights, fans, TVs, etc., unless they are manufactured specifically for photovoltaic systems.
- Fans - ceiling, window, attic, interior.
- Paint - ceramic, reflective roof coatings.
- Insulation (includes "outsulation") and radiant barrier.
- Weather stripping, caulking.
- Misting systems.
- Vegetation - shade trees, shrubs, grass.

- Solar energy cars.
- A solar hot water heater plumbing stub out that was installed by the builder of a house or dwelling unit before title was conveyed to the taxpayer. You may be able to take this credit on Form 319. For details, see Form 319.

**NOTE:** *If you take a credit, you cannot take a depreciation deduction for the solar energy device for which the credit is taken. If such depreciation deduction is included in your federal adjusted gross income, you must add that amount to your Arizona gross income. You must make this addition for each period in which you deduct depreciation for federal purposes.*

## Line-by-Line Instructions

### Part I - Current Year's Credit

#### Lines 1 through 9 -

Use lines 1 through 9 to figure your credit for the current tax year.

#### Line 1 -

Enter the address of the residence where you installed the solar energy device for which you are claiming the credit.

#### Line 2 -

Enter the cost of the solar energy device. The cost of installing the device may be included in the cost of the device.

#### Line 3 -

Multiply the amount on line 2 by 25 percent. Enter the result.

#### Line 4 -

Enter the smaller of the amount on line 3 or \$1,000.

#### Line 5 -

If you claimed a credit for another solar energy device you installed during a prior taxable year (1995 through 2007), at the same residence listed on line 1, enter the total amount of allowable credit for that prior tax year or years.

#### Line 6 -

Add line 4 and line 5. Enter the result.

#### Line 7 -

Enter the smaller of line 6 or \$1,000.

#### Line 8 -

Subtract line 5 from line 7.

#### Line 9 -

Current year's credit. Enter the smaller of line 4 or line 8. If you are married filing a separate return, enter one-half of the smaller of line 4 or line 8.

### Part II - Carryover from Prior Taxable Years

#### Lines 10 through 15 -

Use Part II to figure your total available credit carryover from taxable years 2003 through 2007. Complete lines 10 through 15 if you claimed this credit on a return for one of these years and the credit was more than your tax.

In column (b), enter the **credit** originally computed for the taxable year listed in column (a). Do not enter the cost of the

device. The amount entered in column (b) cannot be more than \$1,000. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 10 through 14 in column (d). Enter the total on line 15, column (d).

### Part III - Total Available Credit for 2008

#### Lines 16 through 18 -

Use lines 16 through 18 to figure your total available credit for 2008.

#### Line 18 -

Total available credit. Add line 16 and line 17. Enter the total here.

If this is the only credit that you are claiming, and the credit shown on line 18 is equal to or less than your Arizona tax minus the clean elections fund tax reduction, enter the amount from line 18 on **Form 140**, page 1, line 27, or **Form 140PY**, page 1, line 30.

If you are claiming the family income tax credit or other credits from only Forms 321, 322, and/or 323, complete the following worksheet, or one of the credit worksheets in the Form 321, 322, or 323 instructions.

Credit Worksheet	
1. Enter your Arizona tax less the clean elections fund tax reduction and family income tax credit if applicable.	
2. Enter the credit from Form 310, line 18.	
3. Enter the credit from Form 321, line 16.	
4. Enter the credit from Form 322, line 12.	
5. Enter the credit from Form 323, line 12.	
6. Add the amounts on lines 2, 3, 4, and 5. Enter the result.	
Compare the amount on line 6 to the amount on line 1. If the amount on line 6 is equal to or less than the amount on line 1, do one of the following:	
<ul style="list-style-type: none"> <li>• <b>If filing Form 140</b>, enter the amount from line 6 on Form 140, page 1, line 27.</li> <li>• <b>If filing form 140PY</b>, enter the amount from line 6 on Form 140PY, page 1, line 30.</li> </ul>	
If the amount on line 6 is more than the amount on line 1, you must complete Form 301.	

If you are claiming nonrefundable credits from forms other than Form 310, 321, 322, and/or 323, you must complete Form 301.

If you have to complete Form 301, enter the amount from Form 310, line 18, on Form 301, page 1, line 8.

**Note:** *If you are married, and you and your spouse file a separate return, you may each take only one-half of the total credit that would otherwise be allowed on a joint return.*