

**CONTACTS FOR COMMERCIAL AND INDUSTRIAL  
SOLAR ENERGY TAX CREDIT PROGRAM**

**Arizona Commerce Authority (ACA)**

•Application forms •Program guidelines

Website: [www.azcommerce.com](http://www.azcommerce.com)

Program Manager: (602) 845-1200

**Arizona Department of Revenue**

**For information or help, call one of the numbers listed:**

Phoenix (602) 255-3381  
From area codes 520 and 928, toll-free (800) 352-4090

**Tax forms, instructions, and other tax information**

If you need tax forms, instructions, and other tax information, go to the department's website at [www.azdor.gov](http://www.azdor.gov).

**Income Tax Procedures and Rulings**

These instructions may refer to the department's income tax procedures and rulings for more information. To view or print these, go to our website and click on *Legal Research* then click on *Procedures* or *Rulings* and select a tax type from the drop down menu.

**Publications**

To view or print the department's publications, go to our website and click on *Publications*.

**General Instructions**

**Individuals:** *You must also complete Arizona Form 301, Nonrefundable Individual Tax Credits and Recapture, and include Forms 301 and 336 with your tax return to claim this credit.*

**Corporate taxpayers including exempt organizations with unrelated business taxable income:** *You must also complete Arizona Form 300, Nonrefundable Corporate Tax Credits and Recapture, and include Forms 300 and 336 with your tax return to claim this credit.*

For taxable years beginning on or after January 1, 2006 through December 31, 2018, Arizona law provides a solar energy credit for a taxpayer that installs one or more solar energy devices for commercial, industrial, or any other nonresidential application in the taxpayer's facility located in Arizona.

The solar energy credit is 10% (.10) of the cost of the installed device. The credit cannot exceed \$25,000 with respect to the same building in the same tax year, or \$50,000 in total credits in any given tax year.

If the allowable tax credit is more than the tax, the taxpayer may carry the unused credit forward for up to the next 5 consecutive tax years.

**Who May Claim This Credit**

This credit is available to individuals, corporations and S corporations. A partnership may pass the credit through to its partners. An S corporation may pass the credit through to its shareholders.

This credit is also available to an exempt organization that is subject to corporate income tax on unrelated business taxable income (UBTI). The credit must result from the activities that generate UBTI.

The taxpayer, including a tax exempt organization that would otherwise qualify for the credit, may elect to transfer the credit to the third party that financed, installed, or manufactured the solar energy device. All taxpayers, including a tax exempt organization that elects to transfer the credit to a third party, must complete Arizona Form 336 to make this election.

**Tax Exempt Organizations**

A tax exempt organization, filing only Form 99, and is transferring this credit to a third party must complete Parts 1, 2 and 4 of Form 336. The tax exempt organization must furnish each taxpayer, to whom it transfers a credit, a completed copy of Form 336 (Parts 1 through 4, only). The exempt organization must mail a copy of the completed Form 336 to:

Office of Economic Research and Analysis  
Arizona Department of Revenue  
PO Box 29099  
Phoenix, AZ 85038-9099

**NOTE:** *An exempt organization must mail a copy of the completed Form 336 to the above address regardless of whether the organization is required to file Arizona Form 99.*

A tax exempt organization with UBTI, and filing Arizona Form 99T, should do the following:

- Whether or not the credit is claimed by the exempt organization with UBTI, or is transferred by the exempt organization with UBTI to a third party, include the completed Form 336 with the Form 99T, when filed.
- Mail a copy of the completed Form 336 to:  
Office of Economic Research and Analysis  
Arizona Department of Revenue  
PO Box 29099  
Phoenix, AZ 85038-9099

**Credit Eligibility**

To be eligible for this credit, the Arizona Commerce Authority (ACA) must have issued the taxpayer a Credit Certificate that includes an identifying number. To obtain a Credit Certificate, the taxpayer must follow the procedures outlined by the ACA. These procedures include the requirement that the taxpayer file an application with the ACA so that the ACA can determine whether the project meets the criteria for the purpose of this tax credit.

Once the ACA determines that the project meets the criteria, the ACA will issue an initial certification of the project. To receive a Credit Certificate, the taxpayer must file additional information to the ACA once the installation is complete.

For more information on how to make an application for this credit with the ACA, visit [www.azcommerce.com](http://www.azcommerce.com).

**NOTE:** *A taxpayer cannot claim this credit without a Credit Certificate issued from the ACA.*

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## Solar Energy Devices

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For the purpose of this credit, a solar energy device means a system or series of mechanisms designed primarily to:

- provide heating,
- provide cooling,
- produce electrical power,
- produce mechanical power,
- provide solar day lighting, or
- provide any combination of the foregoing 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 shall 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.

The person who sells or installs the solar energy device must furnish the taxpayer with an accounting of the cost.

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## Line-by-Line Instructions

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Enter the names and taxpayer identification numbers (TIN) as shown on Arizona Form 99, 99T, 140, 140NR, 140PY, 140X, 120, 120A, 120S, 120X, or 165.

If the taxpayer is an exempt organization that is not required to file Arizona Form 99, enter the organization's name and employer identification number (EIN).

Fiscal year basis taxpayers must indicate the period covered by the taxable year. Include the completed form with the tax return. Exempt organizations must file this form as noted under the heading titled "Tax Exempt Organizations."

All returns, statements, and other documents filed with the Department of Revenue (Department) require a taxpayer identification number (TIN). The TIN is either a correct Social Security Number (SSN) or, for a business, the EIN.

Paid tax preparers must also include their TIN on forms where requested. Paid preparers who fail to include their TIN may be subject to a penalty.

Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing.

## Part 1 - Eligibility

### Lines 1 and 2 -

Answer questions 1 and 2. If you answer "NO" to either question 1 or question 2, **STOP**, you do not qualify for this credit. In this case, do not complete Form 336.

## Part 2 - Credit Computation for Installing Qualifying Devices

### Lines 3 through 16 -

Use lines 3 through 16 to figure your credit for installing one or more solar energy devices for commercial, industrial, or nonresidential purposes on your business property located in Arizona.

If you have installed more than one device on the same building during the same taxable year, complete your own separate schedule for each device installed on that building. The separate schedules should show the information required on lines 5 through 9 for a single device.

Enter the aggregate amount for all devices installed on the same building in the column designated for that building. When you file your return, include your separate schedules and Form 336 with your return.

Exempt organizations must file this form as noted under the heading titled "Tax Exempt Organizations."

If you have installed devices on more than three buildings, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three buildings.

Complete lines 3 through 16 as instructed on the form.

## Part 3 - Allowable Credit Transferred to You as a Third Party

### Lines 17 through 19 -

Use lines 17 through 19 to claim a credit if you are the third party to which the taxpayer transferred the credit.

The credit may be transferred to you as a third party only if you financed, installed or manufactured the solar energy device.

### Line 17 - Credit Limitation

The total credit allowed in any given tax year cannot exceed \$50,000. Line 17 limits the amount of credit allowed to be claimed in both Part 2 and Part 3 to the \$50,000 maximum.

Complete line 17 as instructed on the form.

### Line 18 - Credits Transferred to You as a Third Party

Enter the amount from Form 336, Part 4, line 24 received from the taxpayer otherwise eligible for the credit.

If more than one taxpayer has transferred a credit to you as the third party, enter the aggregate amount from Part 4, line 24 from all Forms 336 received from the transferors.

**NOTE:** *If claiming the credit as a third party, you must include a copy of the Form 336 from which the credit was transferred. If you are claiming a credit from more than one taxpayer, include all Forms 336 from which the credits were transferred.*

### Line 19 - Allowable Credit to Third Party

Enter the smaller of line 17 or line 18. This is the amount of credit allowable to you as a third party.

## Part 4 - Taxpayer's Third Party Election

### Lines 20 through 25 -

All taxpayers claiming the credit must complete Part 4. The taxpayer must make an irrevocable election either to claim the credit or to transfer the credit to a third party. The credit may be transferred to a third party that financed, installed or manufactured the solar energy device.

If a taxpayer makes the election to transfer the credit to a third party, the taxpayer must transfer the entire credit allowable for that device to the third party. The taxpayer may not use a portion of the credit and also allow the third party to use a portion of the credit.

However, if the taxpayer has installed more than one device, the taxpayer may claim the credit for one device and transfer the credit for the second device to a third party.

The taxpayer must sign the election statement. In the case of a corporation, the election must be signed by one of the officers of the corporation who is also a signatory to the Arizona Form 120, Form 120A or Form 120S.

In the case of a partnership, the election must be signed by a partner who is also a signatory to the Arizona Form 165. In the case of a tax exempt organization, the election must be signed by an officer of the organization.

If you have credits for multiple devices that you are transferring to more than one third party, complete a separate Form 336 for each third party to which you are transferring a credit.

On line 25, enter the total amount of the credit transferred to all third party organizations. If you are transferring the credit to only one third party organization, enter the amount from line 24 on line 25.

**NOTE:** *If you are **not** transferring any credit to a third party, enter zero on both lines 24 and 25.*

The taxpayer must furnish each third party with a copy of the completed Form 336. The third party will use the information from Part 4, line 24 to complete its own Form 336 to claim the credit.

## Part 5 - Current Year's Credit

### Lines 26 through 30 -

Complete lines 26 through 30, as instructed on the form, to figure the current year's credit.

## Part 6 - S Corporation Credit Election and Shareholder's Share of Credit

### Lines 31 through 34 -

The S corporation must complete Form 336, Parts 1 through 5. Then the S corporation must also complete Part 6 of Form 336 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

If the S corporation elects to pass the credit through to its shareholders, it must complete lines 32 through 34 separately for each shareholder.

Each shareholder may claim only a *pro rata* share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 336.

Each shareholder must complete Parts 8 and 9.

## Part 7 - Partner's Share of Credit

### Lines 35 through 37 -

Partnerships must complete Form 336, Parts 1 through 5. Then complete Part 7, lines 35 through 37, separately for each partner. Each partner may claim only a *pro rata* share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of the completed Form 336.

Each partner must complete Parts 8 and 9.

## Part 8 - Available Credit Carryover

### Lines 38 through 43 -

Use Part 8 to figure your total available credit carryover. Use lines 38 through 43 to figure your credit carryover from taxable years 2011 through 2015. Complete lines 38 through 43 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.
- In column (c), enter the amount of the credit from that taxable year which you have already used.
- In column (d), subtract the amount in column (c) from the amount in column (b) and enter the difference.
- Add the amounts entered on lines 38 through 42 in column (d).

Enter the total on line 43, column (d).

## Part 9 - Total Available Credit

### Line 44 -

Individuals, corporations, S corporations claiming the credit, and exempt organizations with UBTI: Enter the amount from Part 5, line 30.

S corporation shareholders: Enter the amount from Part 6, line 34.

Partners of a Partnership: Enter the amount from Part 7, line 37.

- Individuals: Also, enter this amount on Arizona Form 301, Part 1, line 20, column (a).
- Corporations, S corporations claiming the credit, and exempt organizations with UBTI: Also, enter this amount on Arizona Form 300, Part 1, line 15, column (a).

**Line 45 -**

Enter the amount from Part 8, line 43, column (d).

- Individuals: Also, enter this amount on Arizona Form 301, Part 1, line 20, column (b).
- Corporations, S corporations claiming the credit, and exempt organizations with UBTI: Also, enter this amount on Arizona Form 300, Part 1, line 15, column (b).

**Line 46 - Total Available Credit**

Add lines 44 and 45. Enter the total.

- Individuals: Also, enter this amount on Arizona Form 301, Part 1, line 20, column (c).
- Corporations, S corporations claiming the credit, and exempt organizations with UBTI: Also, enter this amount on Arizona Form 300, Part 1, line 15, column (c).