

# Depreciation period of solar power generation



## Overview

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The IRS allows businesses and individuals to depreciate the cost of their solar energy system over a set period. For solar projects, the IRS depreciation period typically follows the Modified Accelerated Cost Recovery System (MACRS). Under MACRS, solar systems qualify for a 5-year depreciation. A PV system must have commenced construction on or before December 31, 2019. The tax credit will decrease to 26% for systems commencing construction in 2020, 22% for systems commencing construction in 2021, and 10% for systems commencing construction in 2022 or thereafter. Any PV system 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. This guide will walk you through the essential aspects of MACRS. The Modified Accelerated Cost Recovery System (MACRS), established in 1986, is a method of depreciation in which a business' investments in certain tangible property are recovered, for tax purposes, over a specified time period through annual deductions.

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### [Depreciation: In-Depth Explanation with Examples , AccountingCoach](#)

Depreciation is associated with buildings, equipment, vehicles, and other physical assets which will last for more than a year but will not last forever. Depreciation is necessary for measuring a company's

### Depreciation

Depreciation is thus the decrease in the value of assets and the method used to reallocate, or "write down" the cost of a tangible asset (such as equipment) over its useful life span. Businesses



### Depreciation: A Beginner's Guide with Examples

What is depreciation and how is it calculated? This tutorial explains what depreciation is and provides many examples

### [How to Calculate Depreciation in 2025: A Step-by-Step Guide](#)

Discover how to calculate depreciation effectively with this guide. Learn about methods like straight-line and MACRS for accurate financial reporting.



### Depreciation definition - AccountingTools



### [Cost recovery for qualified clean energy facilities, property and](#)

Owners of qualified facilities, property and energy storage technology placed into service after December 31, 2024, may be eligible for the 5-year MACRS depreciation deduction.



### [What Is Depreciation? Definition, Types, How to Calculate](#)

Depreciation is an accounting method that spreads the cost of an asset over its expected useful life to give you a more accurate view of its value and your business's profitability.



What is Depreciation? Depreciation is a planned, gradual reduction in the recorded value of an asset over its useful life by charging it to expense. Depreciation is applied to fixed assets, which



### [What Is Depreciation: Definition, Types, and Calculation](#)

Depreciation measures the decline in the value of a fixed asset over its usable life, allowing businesses to spread out the cost of that asset over several years.



### **How To Calculate Your Commercial MACRS Solar**

Discover how to calculate MACRS solar depreciation, with examples and tips on maximizing tax benefits through the Federal Solar Tax

## Depreciation Calculator

Free depreciation calculator using the straight line, declining balance, or sum of the year's digits methods with the option of partial year depreciation.



## How Solar Depreciation Works for Tax Purposes

A detailed guide to solar tax depreciation, covering MACRS, Bonus Depreciation, and required basis adjustments for the Investment Tax Credit.

## Publication 946 (2025), How To Depreciate Property

Introduction This publication explains how you can recover the cost of business or income-producing property through deductions for depreciation (for example, the special depreciation allowance and



## [Understanding Depreciation: Methods and Examples for Businesses](#)

Depreciation is an accounting method that allocates the cost of a tangible asset over its useful life to reflect its decreasing value through use and obsolescence.

## [Guide to the Federal Investment Tax Credit for Commercial Solar](#)

IRS Publication 946 Table A-1 lists the depreciation rate as 20% for Year 1. The business calculates its accelerated depreciation



deduction by taking the difference between the original



### [What is the IRS Depreciation Period for Solar Projects?](#)

For solar projects, the IRS depreciation period typically follows the Modified Accelerated Cost Recovery System (MACRS). Under MACRS, solar

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