



MAKE LIFE EASIER

How can I maximise the deduction on income tax with solar assets?



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Who am I?



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Managing Director

- 15+ Years in Audit, Tax and Advisory
- Registered Professional Tax Practitioner (SA)
- I make life easier!

Solar Tax Rebate – S12BA (Businesses)

What is it the tax rebate exactly?

The 12BA deduction amounts to 125% of the cost of the qualifying solar assets used in the generation of electricity (solar system assets)

Solar Tax Rebate – S12BA (Businesses)

What are the qualifying solar assets?

The 12BA qualifying solar system asset expenses include:

- Foundation or supporting structures
- Costs of all PV panels and parts
- Voltage solar cells and panels
- Bi-directional utility meter
- AC inverters
- Batteries
- Power optimisers
- DC combiner
- DC boxes and feeder lines
- Racking, cables, wiring
- Planning, installation and delivery costs of these items

Stand-alone batteries and inverters **not used with solar panels** will **not qualify** as they do not generate electricity!

Solar Tax Rebate – S12BA (Businesses)



Examples

Example 1: On 1 March 2024, a business buys a solar asset at R10,000,000

$125\% \times R10,000,000 = R12,500,000$ can be claimed as deduction

Solar Tax Rebate – S12BA (Businesses)

Examples

Example 2: On 1 September 2024, a business buys a solar asset at R1,000,000

$125\% \times R1,000,000 = R1,250,000$ can be claimed as deduction

Solar Tax Rebate – S12BA (Businesses)

What are the requirements?

The solar system assets must be brought into use for the first time on or after 1 March 2023 and before 1 March 2025. (new and unused)

The 12BA deduction must be claimed in the year of assessment when the solar system assets are brought into use for the first time

Section 12BA also applies to a lessor who installs qualifying assets that are brought into use by the lessor's lessee. However, the lessor's deduction will be limited to the rental income under section 23A

The owner of the solar system assets will claim the 12BA deduction against electricity sold in a power purchase agreement (if any) and other trading income

Important to note: The 12BA deduction does not have an electricity generation limit

Solar Tax Rebate – S12BA (Businesses)

What happens when you dispose or sell?

Before 1 March 2026

An enhanced recoupment of the 12BA deduction will occur

If sold at or above cost, the recoupment will be equal to the full 12BA deduction

If sold below cost, the recoupment will be 125% of the proceeds received

On or after 1 March 2026

The recoupment will be equal to the lesser of the proceeds received and the 12BA deduction

Which means the 25% will become a permanent deduction

QUESTIONS?



Solar Tax Rebate – S6C (Individuals)



Did you know about the solar panel tax rebate?

- Introduced in 2023 by the Minister of Finance in the Budget Speech
- It was a financial incentive for individual taxpayers who install **solar panels**
- The rebate applies to qualifying solar (PV) panels that are brought into use during **1 March 2023 until 29 February 2024**

Solar Tax Rebate – S6C (Individuals)

Who can claim the solar tax incentive?

- Individuals who pay Personal Income Tax (PAYE)
- Installed new and unused PV panels
- Can claim the rebate of 25% of the cost of these panels, up to a maximum of R15 000, against **their tax liability**
- This rebate does not apply to solar installations at business premises

Solar Tax Rebate – S6C (Individuals)

How do I claim the rebate?

If you qualify, you must include the total cost of the PV panels when completing and filing your Income Tax Returns (ITR12) for 2024

This is now!

Tax season commenced on 15 July 2024

End 21 October 2024 for non-provisional taxpayers

End 20 January 2025 for provisional taxpayers



Solar Tax Rebate – S6C (Individuals)

Do I qualify?

- Only **new and unused** PV panels bought during the period commencing from 1 March 2023 until 29 February 2024 will qualify
- The panels must be installed at a primary residence (home) that is used mainly for domestic purposes
- The panels must have a minimum capacity of 275 W per panel
- The panels must be part of a system that is connected to the distribution board of the residence
- Could have been installed as part of a new installation or as an addition to an existing solar system

Solar Tax Rebate – S6C (Individuals)



Can I claim the solar tax rebate if I am renting a home?

Yes!

- The rebate does not require property ownership
- BUT Only the party who **paid** for the solar panels can claim the rebate

Solar Tax Rebate – S6C (Individuals)



What is excluded from the cost that is eligible for the solar tax rebate?

It does not include the cost of the inverter and batteries

and

It applies only to the cost of the PV panels

Solar Tax Rebate – S6C (Individuals)

Examples

Solar panels can be claimed for 25% of the cost of new and unused PV panels, up to a maximum rebate of R15 000

Example 1: a person buys 10 PV panels at R5,000 per panel (totaling R50,000). That person can claim 25% of the cost up to R15,000

$25\% \times R50,000 = R12,500$ can be claimed

Solar Tax Rebate – S6C (Individuals)

Examples

Solar panels can be claimed for 25% of the cost of new and unused PV panels, up to a maximum rebate of R15 000

Example 2: a person buys 20 PV panels at R5,000 per panel (totaling R100,000). That person can claim 25% of the cost up to R15,000

$$25\% \times R100,000 = R25,000$$

Of this total, 25% adds up to R25 000, which exceeds the maximum claim of R15 000, so the claim is **limited** to R15 000

Solar Tax Rebate – S6C (Individuals)

So, what documents do I need to claim?

- An Electrical Certificate of Compliance (COC)
- An invoice and proof of payment or payment agreement
- Proof of ownership if the taxpayer owns the property,
or proof of property use (a rental agreement - if the taxpayer only rents the property)

QUESTIONS?



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