

Issued by: Tax Administration Jamaica (TAJ)

Issue Date: February 6, 2025

Advisory #: 0225/06/IT-TA

Technical Paper: “Tax Credit: Residential Solar Photovoltaic Systems”

TECHNICAL ADVISORY

Table of Contents

List of Abbreviations.....	3
Glossary of Terms	3
1. Introduction	5
1.1 Purpose	5
1.2 Objectives	5
1.3 Legislation	5
1.4 Amendment to the Act	5
1.5 Implementation Date	5
2. Background	6
2.1 Matrix for the Tax Credit on Residential Solar Photovoltaic Systems	7
3. What is the Tax Credit amount in respect to the Residential Solar Photovoltaic System?	11
4. Who is entitled to claim the Residential Solar PV Systems Credit?	12
5. Who is not entitled to claim the Residential Solar PV Systems Credit?	13
6. Claiming the Residential Solar PV Systems Credit	14
7. Treatment of upgrade to the Residential Solar PV System	16
8. Treatment of cost to repair and maintain the Residential Solar PV System.	18
8.1 Treatment of total loss of the Residential Solar PV System	18
9. Circumstances which may give rise to a refund	19
10. Summary	20
11. Illustrations	22
11.1 Application of the Residential Solar PV Systems Tax Credit	22
11.1.1 Scenario # 1	22
11.1.2 Scenario # 2	23
11.1.3 Scenario # 3	23
11.1.4 Scenario # 4	24
11.2 Upgrade of Residential Solar PV Systems	24
11.2.1 Scenario # 5	24
11.3 Repairs & Maintenance of the Residential Solar PV Systems	25
11.3.1 Scenario # 6	25

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

<i>11.4 Net Tax Payable amount less than Residential PV Systems Credit entitlement</i>	<i>25</i>
11.4.1 Scenario # 7.....	25
<i>11.5 Circumstances where the taxpayer acquires a home inclusive of the Residential Solar PV System</i>	<i>27</i>
11.5.1 Scenario # 8.....	27
12. Appendix 1- Schedule 9	28

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

The following list of abbreviations and terms are used throughout this Technical Advisory.

List of Abbreviations

FY	Fiscal Year
GOJ	Government of Jamaica
IT	Income Tax
ITA	Income Tax Act
LEI	Licensed Electrical Inspector
MoFPS	Minister of Finance and the Public Service
PPR	Principal Place of Residence
TAJ	Tax Administration Jamaica
Y/A	“Year of Assessment” - the period of twelve months commencing on the first day of January in each year. Source: Section 2 of the ITA

Glossary of Terms

Approved fund	"approved fund" means a fund constituted in a manner approved by the Minister for purposes so approved, and declared by the Minister to be an approved fund. <i>Source: Section 2 of the ITA</i>
Effective date	The date the Solar Photovoltaic System’s Tax Credit Bill became law, unless otherwise designated.
Eligible Taxpayer	One who has met the criteria under Section 25(F) of the Income Tax (Amendment) Act 2024.
Employed (employment)	Employment implies work for which one has been engaged and is being paid by an employer. Source: Merriam-Webster Dictionary
Licensed Electrical Inspector	An inspector pursuant to the Electricity (Electrical Work, Registration and Licensing) Regulations, 2020.
Maintenance	The upkeep of property or equipment. Source: Merriam-Webster Dictionary
Owner	He who has dominion of a thing, real or personal, corporeal or incorporeal, which he has a right to enjoy and do with as he pleases, even to spoil or destroy it. <i>Source: Black’s Law Dictionary</i>

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

	One who has the legal or rightful title to something or one to whom property belongs. Source: Merriam-Webster Dictionary
Principal Place of Residence	Dwelling-house in which the owner primarily resides and excludes unoccupied dwelling house, dwelling house occupied by a tenant or any other person in the absence of the owner. Source: Section 25F (8) of the ITA
Property Tax	Tax payable on the first day of April each year on all property at the specified rates. Source: Property Tax Act, 2022
Residential Solar PV Systems Credit	Tax credit applicable to eligible persons who installed a Residential Solar Photovoltaic System at their principal place of residence.
Repair	To restore by replacing a part or putting together what is torn or broken or to fix. Source: Merriam-Webster Dictionary
Self-Employed	Persons who work for themselves and are not employed by another. The owner-operator of a <u>sole proprietorship</u> or a partner is considered self-employed. <u>Sole proprietorship</u> Ownership, by a single individual, of all of the assets of an unincorporated <u>business</u> . The individual owner is personally liable for all debts of the business Source: IBFD International Tax Glossary
Self-generator	“Self-generator” under the Electricity Act “means a person who generates electricity for that person’s own exclusive use, and shall include a person who has entered into a net billing or wheeling arrangement.
Solar Photovoltaic System (PV System)	System for the conversion of sunlight into electrical energy, comprising a solar panel array, an inverter and other electrical and mechanical components.
Tax Credit	An amount of money that is subtracted from taxes owed. Source: Merriam-Webster Dictionary
The House	House of Parliament
Upgrade	To raise the quality of or to extend the usefulness of (something, such as a device)

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

	<i>Source: Merriam-Webster Dictionary</i>
--	---

1. Introduction

1.1 Purpose

The purpose of this Technical Advisory is to provide guidance in the application of the new ***Residential Solar Photovoltaic Systems Tax Credit hereby referred to as the Residential Solar PV Systems Credit*** which is available to employed and self-employed persons as announced in the 2023-2024 Revenue Measures tabled in the House of Parliament as per *Ministry Paper #30/23* by Dr. The Honourable Nigel Clarke, MoFPS.

1.2 Objectives

In alignment with the GOJ’s ***Residential Solar PV Systems Credit*** initiative, the objectives of this Advisory are to:

- i. provide clear procedures and relevant information to TAJ’s stakeholders on the application and utilization of the ***Residential Solar PV Systems Credit***;
- ii. ensure that stakeholders are aware of the requirements of the amendment to the Income Tax Act (Section 25F) as it relates to the eligibility for the tax credit;
- iii. provide guidance as it relates to calculating the tax credit; and
- iv. provide guidance to individuals who will benefit from the ***Residential Solar PV Systems Credit***.

1.3 Legislation

The Income Tax Act

1.4 Amendment to the Act

Section 25F of the Income Tax Act

1.5 Implementation Date

The effective date of the legislation is **January 1, 2023**.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

2. Background

The 2023-2024 Revenue Measures were outlined in The House on March 7, 2023. As per *Ministry Paper #30/23, Revenue Measures – FY 2023/24*, the MoFPS asked the Honourable House to support an introduction of a non-refundable income tax credit to both employed and self-employed persons for the purpose of *Residential Solar PV Systems Credit* with effect from Year of Assessment (Y/A) 2023. The income tax credit is equivalent to thirty percent (30%) of the cost of the *Residential Solar PV Systems* up to a maximum credit of One Million, Two Hundred Thousand Dollars (\$1,200,000.00).

The Honourable Minister in recognizing the need for Jamaica to diversify local energy needs in order to insure against world market price volatility and to provide a level of stability within the local economy, has introduced fiscal measures to incentivize investments in renewable energy.

This incentive becomes effective Y/A 2023. To give effect to the credit, the ITA was amended by inserting the new section 25F which provides for an annual income tax credit for employed and self-employed persons.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

2.1 Matrix for the Tax Credit on Residential Solar Photovoltaic Systems

The requirements of the taxpayer to be entitled to the *Residential Solar PV Systems* Credit as provided for in Section 25F of the Income Tax (Amendment) Act, 2024 are summarized below. Greater Details are provided in the body of the Technical Advisory.

Eligibility Requirements	Characteristics	Applicability and Utilization of the Credit
Employed or Self-Employed	The taxpayer must be in a formal employment, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme (as provided by the ITA) or operates his or her own business .	Not applicable if the taxpayer is neither employed nor self-employed
Owner of place of residence	The principal place of residence must be owned and occupied by the taxpayer and used solely for residential purposes.	- Applicable to one principal place of residence. - No commercial activity must be conducted at the principal place of residence (whether in that building or an adjoining place on the property). - Where there is more than one owner of the principal place of residence, the credit would be applicable to the first owner who makes the claim.
Paid Property Tax	There must be NO outstanding Property Taxes on the Principal Place of Residence where the system is installed.	Not applicable if any Property Tax is outstanding.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

Eligibility Requirements	Characteristics	Applicability and Utilization of the Credit
Acquisition and Installation of a Residential Solar Photovoltaic System	The Residential Solar Photovoltaic System must be acquired and installed at the Principal Place of Residence on or after January 1, 2023.	Not applicable if the system was installed prior to January 2023 or if it was acquired prior to January 2023 and installed in subsequent years.
License to install Residential Solar PV System	A license to be a self-generator of electricity must be obtained from the Ministry of Science, Energy and Technology (MSET) by the taxpayer before installation of the PV system.	Not applicable if the taxpayer is not licensed to be a self-generator of electricity.
Certification of system	- The electrical work done for the installation of the system must be certified by a licensed electrical inspector. - The Compliance certificate provided by the licensed electrical inspector must include drawings and details of the system certified.	Not applicable if electrical work done was not certified by a licensed electrical inspector.
Claim for Credit	- A completed Return, either the IT05 applicable to taxpayers who are employed, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme (as provided by the ITA) or the S04 applicable to self-employed taxpayers. - In addition to meeting the requirements, all documentation in relation to the acquisition and installation of the systems must be provided. This includes all bills, receipts, import entries where applicable, evidence of certification, the name and	Taxpayers who are employed, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme (as provided by the ITA) must complete and file the IT05. All details and documentation which relate to the acquisition and installation of the system will be required and MUST be uploaded when completing the Schedule 9 which is used for the computation of the credit.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

Eligibility Requirements	Characteristics	Applicability and Utilization of the Credit
	TRN of the local primary supplier and installer of the system and any other documentation pertinent to same.	- The Self-Employed taxpayer must complete and file the S04. All details and documentation in relation to the acquisition and installation of the system will be required and MUST be uploaded when completing the Schedule 9 which is used for the computation of the credit. - To qualify for the credit, the taxpayer must have a tax liability on their statutory income for the year of assessment in which the claim will be made. - The credit which will be applied will be the lower of 30% of the cost to acquire and install the system or the maximum J\$1.2M whichever is less. - The amount to be utilized in the year of assessment will be no more than 50% of the tax payable on Statutory Income for that year. This figure will be automatically transferred to the Tax Computation Section of the Return. - Any unused credit will be carried forward to subsequent years until the credit is fully utilized.
Upgrade of System	The total cost of the upgrade to the system which must have been installed on or after January 1, 2023 will be eligible for the credit in cases where the	The taxpayer will be required to file the respective IT05 or S04 Returns, whichever is applicable and

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

Eligibility Requirements	Characteristics	Applicability and Utilization of the Credit
	maximum (30% of the cost or J\$1.2M) allowed has not been fully utilized.	complete the Schedule 9 as previously done at acquisition and installation of the original system. This additional (upgrade) cost will be added to the initial acquisition and installation costs and the credit entitlement will be recalculated to establish the new amount. This will be applied similar to the acquisition and installation process. Note the maximum credit allowable is J\$1.2M.
Repairs and maintenance	These costs do not fall within the scope of the costs which are used to determine eligibility for the credit.	No Credit will be allowed on the cost incurred for repairs and maintenance.
Replacement of Residential Photovoltaic System	The cost of replacement may be eligible for the credit.	- Where the <i>Residential Solar PV System</i> is completely lost or destroyed by acts of God, fire or theft, the eligible taxpayer will still benefit from any unutilized portion of the credit previously entitled to. - This replacement cost will be added to the initial acquisition and installation costs and the credit entitlement will be recalculated to establish the new amount, providing that the maximum cap of J\$4M was not met. [Note the maximum credit allowable is J\$1.2M.]

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

**“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024**

3. What is the Tax Credit amount in respect to the Residential Solar Photovoltaic System?

The Income Tax Credit, hereby referred to as *Residential Solar PV Systems Credit*, shall be equivalent to thirty percent (30%) of the cost up to a maximum of Four Million Dollars (J\$4M) to acquire or purchase, deliver and install the residential solar photovoltaic system or One Million Two Hundred Thousand Dollars (\$1,200,000.00) whichever is less. (See Section 25F (2) of the ITA).

The *Residential Solar PV Systems Credit* is applied as a set-off against the income tax payable by the taxpayer and no cash payment is allowable. (See Section 25F (3) of the ITA).

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

4. Who is entitled to claim the Residential Solar PV Systems Credit?

In order to be entitled to make a claim for the *Residential Solar PV Systems Credit*, the following requirements as provided for in Section 25F (4) of the ITA must be met:

- The taxpayer must be currently employed, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme (as provided by the ITA) or self-employed.
- The taxpayer must be the owner of the principal place of residence.
- The principal place of residence must not be used for any commercial activity.
- The taxpayer must be the holder of a license from the Ministry of Science, Energy & Technology (MSET) to be a self-generator of electricity in accordance with Section 8 subsection 2 of the Electricity Act. This is mandatory for persons who will remain connected to the JPS grid. Those not connected to the grid must provide a letter from JPS indicating that no connectivity to the grid.
- The acquisition, delivery and installation of the *Residential Solar PV System* must be undertaken by the taxpayer or any other owner of the principal place of residence on or after January 1, 2023.
- The electrical work carried out for the installation of the *Residential Solar PV System* must be certified by a licensed electrical inspector.
- All property tax payments for the residential property where the *Residential Solar PV System* is installed must be up to date.
- The taxpayer must be in receipt of the Tax Credit for the first time in respect of the purchase and installation of the *Residential Solar PV System*.
- The tax credit is being allowed for the first time in respect of the dwelling house or the principal place of residence of the taxpayer at which the *Residential Solar PV System* is installed.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

5. Who is not entitled to claim the Residential Solar PV Systems Credit?

A. Persons who are currently employed, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme (as provided by the ITA) or self-employed who have not met the requirements as outlined in 4 above.

B. Corporate taxpayers

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

6. Claiming the Residential Solar PV Systems Credit

The Commissioner General of TAJ has prescribed the use of a new ***Schedule 9: Computation of Residential Solar Photovoltaic System Credit*** (see appendix 1) to be used for the claiming of the ***Residential Solar PV Systems Credit***.

- i. In completing the Schedule 9, confirmation is required as to whether or not the premises where the system is installed is your principal place of residence.
- ii. The valuation number of the property
- iii. License number from the Ministry of Science, Energy & Technology must be provided and copy uploaded
- iv. Details of the ***Residential Solar PV System*** must be provided. The date of acquisition installation, total cost (excluding interest) of acquisition and installation, or upgrade.
- v. The Compliance certificate provided by the licenced electrical inspector and the primary supplier and installer are mandatory.
- vi. Where connectivity to the grid is in place, the Standard Offer contract from JPS must be uploaded.
- vii. For the first year of claim of the ***Residential Solar PV Systems Credit***, the amount to be utilized shall not exceed fifty percent (50%) of the income tax payable by the eligible taxpayer. This is applied after all other non-refundable credits have been accounted for where relevant. (Section 25F (6)(a) and (b) of the ITA).
- viii. Where the credit has not been fully utilized in the first year, the remaining portion will be applied in subsequent years until the full amount claimable has been utilized.
- ix. The credit to be utilized in the year of assessment will be automatically transferred from the completed Schedule 9 to the tax computation section of the relevant form either the S04 or the IT05.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

- x. The maximum credit that can be utilized is equivalent to thirty percent (30%) of the cost of the ***Residential Solar PV System*** or one million two hundred thousand dollars, whichever is less.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

7. Treatment of upgrade to the Residential Solar PV System

If the eligible taxpayer upgrades the existing system which was acquired and installed on or after January 1, 2023 and costing less than the Four Million Dollars (\$4,000,000) expenditure cap, such upgrade will be eligible for the ***Residential Solar PV System Credit***. The complete details must be provided on the Schedule 9.

Upgrade to the system refers to purchase and installation of additional components that will result in increased efficiency, appearance and greater power output. This **may** include installation of additional panels, increased inverter capacity, replacement of non-polarized isolator or expansion of battery array and any other activity that results in increased capacity of the system.

Increased inverter capacity should result in the system generating more Direct Current (DC) power than Alternating Current (AC) power than previously produced by the system to be considered an upgrade.

Replacement of any part whether it be battery, panels, inverter or any other part that is similar to what was originally installed and does not result in increased capacity of the system does not constitute an upgrade for the purposes of the credit.

In summary, any upgrade is in relation to the purchase and installation of additional components that will result in increased efficiency, appearance and greater power output. There must be improvements made to the quality or usefulness of the ***Residential Solar PV System***, or a change made for a newer model of a better standard.

In cases where the eligible taxpayer acquired and installed the system prior to January 1, 2023 and upgrades that system subsequent to January 1, 2023, such taxpayer will not be entitled to the tax credit. Section 25F (4) of the ITA prescribes the conditions under which the taxpayer becomes eligible for the credit which includes the purchase of all components of the ***Residential Solar PV System*** on or after **January 1, 2023**.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

Section 25F (7) of the ITA makes provision for allowance of the tax credit where an upgrade is done in any subsequent year providing that the maximum allowable credit was not fully utilized prior to the upgrade.

If the maximum amount claimable is fully utilized prior to the upgrade, the taxpayer will not be allowed any further credit. (Section 25 F (7)(a) and (b))

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

8. Treatment of cost to repair and maintain the Residential Solar PV System.

If the eligible taxpayer incurs cost for the restoration or repairs of any part of the existing system which was acquired and installed on or after January 1, 2023, no credit will be allowed on such cost.

If the eligible taxpayer incurs cost for the general upkeep (maintenance) of any part of the existing system which was acquired and installed on or after January 1, 2023, no credit will be allowed on such cost.

8.1 Treatment of total loss of the Residential Solar PV System

In circumstances where the ***Residential Solar PV System*** is completely lost or destroyed by acts of God, fire or theft, and the eligible taxpayer only benefitted from a portion of the credit on the system that is destroyed, the remaining credit will be available for utilization.

It must be noted that the credit is given on the cost, acquisition and installation of the system and as such entitles the eligible taxpayer to benefit from the remaining credit even if the system was subsequently destroyed.

If a new system is acquired, the taxpayer would need to provide the requisite reports to prove that the originally installed system suffered a total loss which rendered it inoperable.

If it's due to theft, fire or acts of God, the report from the Police, Jamaica Fire Brigade, or an Independent Loss Adjuster, must be provided where applicable.

The case will be assessed and a determination made as to whether or not the benefit can be made available for the new system if the maximum cap was not reached previously.

Notwithstanding the above, in circumstances where the taxpayer utilizes insurance proceeds to acquire and install the new system, this cost will not be eligible for the credit.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

9. Circumstances which may give rise to a refund

The *Residential Solar PV System Credit* is a non-refundable tax credit. However, in cases where the taxpayer is employed, previously employed and is now in receipt of a pension from an approved superannuation fund or approved retirement scheme, who is entitled to the credit and makes a claim using the IT05, a refund may arise. This refund will be as a result of the over deduction and payment of the tax at source (PAYE) due to the non-application of the *Residential Solar PV Systems Credit* by the employer at the point of calculating the PAYE.

Any such refund would not be applicable to the taxpayer who is self-employed.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

10. Summary

- i. The initiative will benefit taxpayers who are employed, self-employed and pensioners who have acquired and installed ***Residential Solar PV System*** on or after January 1, 2023 at their principal place of residence.
- ii. The taxpayer must provide the valuation number of the principal place of residence
- iii. The taxpayer must obtain a license from MSET and have a standard offer contract where there is connectivity to the JPS grid or a letter from JPS verifying no connectivity where relevant.
- iv. The system must be installed at the principal place of residence with no commercial activity being conducted at such residence and there is no outstanding property tax on such property.
- v. These eligible taxpayers will benefit from a non-refundable tax credit which can only be utilized if there is a tax payable in any year of assessment 2023 and beyond.
- vi. The credit is applicable to the cost to upgrade the system but not on the cost of repairs and maintenance.
- vii. Credit to be utilized in each year of assessment is restricted to fifty percent (50%) of the tax payable on statutory income and after all other non-refundable credits have been accounted for. The eligible taxpayer will not be permitted to request a refund of any unused portion of the credit.
- viii. All documents in relation to the system must be uploaded at the time of making the claim.
- ix. The installations must be certified by the licenced electrical inspector to be eligible for the credit.
- x. Any unused credit will be carried forward and utilised against income tax liabilities in subsequent years in accordance with the restrictions as above (v).

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems”

Revenue Measure 2023/2024

- xi. A refund may arise where the taxpayer is employed or a pensioner for whom PAYE was deducted at source.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

11. Illustrations

11.1 Application of the Residential Solar PV Systems Tax Credit

11.1.1 Scenario # 1

Sonia Brown is an Accounting Officer employed to Efficient Accounting Limited. She owns and occupies her principal place of residence at 110 Bombax Street, Kingston 6. In February 2023, she acquired and installed a ***Residential Solar PV System*** at her house at a total cost of \$2.5 Million. She has no other source of income and is concerned that she will not be able to benefit from the tax credit.

- Is Sonia eligible for the ***Residential PV Systems Credit***?
- What would she need to do to utilize such credit?

Response

- Sonia needs to file the IT05 return and complete the Schedule 9. She needs to ensure she obtained the license from MSET to install the system, that her PPR is not used for any form of commercial activity and her installation is certified by the LEI. All supporting documentation must be uploaded to the system when completing the Schedule. These documents include all the receipts, and the certification document.

Calculation of available Residential Solar PV System Tax Credit

	\$
a. Total cost of PV Systems	2,500,000
b. Credit entitlement 30% of total cost	750,000
c. Tax payable on Statutory Income	320,000
d. 50% of tax payable on Statutory Income	160,000
e. Total other non-refundable credit	Nil
f. Tax payable after non-refundable credit (c-d)	320,000
g. PV Systems credit entitlement for the period	160,000

The credit that can be utilized is established by comparing the credit entitlement, the tax payable after all non-refundable credit and the 50% of the tax on statutory income, whichever is less. Sonia would therefore be entitled to the refund of the tax deducted

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

from her emoluments which would be the equivalent of the credit available for use in that year of assessment.

11.1.2 Scenario # 2

Dennis Blake is self-employed and is in the business of selling bicycles and motorbikes and the relevant parts. He operates from a big property on which he has his principal place of residence and a warehouse. The business is located on the ground floor while Mr. Blake and his family lives on the other floors above. He has invested \$15 Million in the acquisition and installation of the *Residential Solar PV System* in June 2023 to operate more efficiently.

Is Mr. Blake entitled to the *Residential Solar PV Systems Credit*?

Response

No. The PPR is being used for commercial purposes and as such disqualifies Mr. Brown from benefiting from the credit.

11.1.3 Scenario # 3

Taxpayer Janice Grey is a sole trader who is in the business of rearing chickens for resale. The chicken house is located at the back of her property on which her PPR is located. She acquired and installed her *Residential Solar PV System* at her residence in February 2024. She is very concerned that since she has her business on the property, she will not benefit from the *Residential Solar PV Systems Credit*

Is she qualified to apply for the *Residential Solar PV Systems Credit*?

Response

Yes. Providing that she obtained the license to install the system, and this is her principal place of residence then she is qualified to apply for the credit. As long as the chicken house is a separate building from the residential property and the system is not used to provide electricity for the chicken house, then she would be eligible.

There is no evidence of commercial activity on the PPR.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

11.1.4 Scenario# 4

Sanco Limited is a regional manufacturer and distributor of food and household items. The company owns three houses which are occupied by some directors and senior managers. Having heard of the governments new policy on renewable energy, the company installed ***Residential Solar PV Systems*** and is of the view that they are entitled to the ***Residential Solar PV Systems Credit*** on the basis that these homes are residential homes and would therefore fall within the scope of the legislation.

Do they qualify for the ***Residential Solar PV Systems Credit***?

Response

The owner of the houses is a corporate body and as such is not entitled to the credit.

11.2 Upgrade of Residential Solar PV Systems

11.2.1 Scenario # 5

Vance Brown T/A Browns Distributors installed the ***Residential Solar PV Systems*** at his principal place of residence at 59 Coco piece Road, Kingston 5. The system cost him \$8.2 Million to acquire and install same in October 2021. In March 2023, he upgraded the system by adding a hybrid battery for greater efficiency. On hearing of the tax credit, he was advised that he would qualify for same and proceeded to file his S04 for 2023 and during the process of completing the Schedule 9, he recognized that he did not qualify for the credit.

Was Mr. Brown entitled to the credit?

Response

Mr. Brown is not entitled to the credit as the system was acquired and installed prior to the effective date of January 1, 2023. Notwithstanding, the fact that the battery upgrade was done in 2023, because he was not entitled to the credit in the first place due to the date of purchase

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

and installation, the cost to upgrade would not fall within the scope of the credit. (Section 25F (7) of the ITA.

However, the total cost of the upgrade to the system if it was installed on or after January 1, 2023 would be eligible for the credit if the maximum (30% of the cost or J\$1.2M) allowed was not fully utilized.

11.3 Repairs & Maintenance of the Residential Solar PV Systems

11.3.1 Scenario # 6

Eric Green is employed to Silicon Valley Limited as the Director of Information Technology. He had installed his *Residential Solar PV Systems* at his principal place of residence and benefitted in 2023. However, in 2024, he had to do some repairs on the system which cost him \$800,000.00. He is of the view that seeing that he did not benefit from the maximum credit, he should be able to claim on this additional cost. Is he correct?

Response

Mr. Green is not correct. Notwithstanding the fact that he did not benefit from the maximum amount, allowable, he is not allowed to claim any further tax credit on the cost to repair the system as provided for Section 25F(7)(b) of the ITA.

The cost of repair to any existing parts of the system does not fall within the scope of the costs which are used to determine eligibility for the credit, as such no additional credit will be allowed on the cost incurred for such repairs. If it was an upgrade of an existing part which results in increased capacity, then such costs would be eligible.

11.4 Net Tax Payable amount less than Residential PV Systems Credit entitlement

11.4.1 Scenario # 7

Jacky Spalding is employed as a Corporate Planner at Power Developers Energy Company. She is married to Oslow Spalding who operates his own business as a Consultant Engineer.

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

They jointly own and occupy their principal place of residence at 17 Brompton Place, Kingston 8. In June 2023, they acquired and installed a **Residential Solar PV System** at their house at a total cost of \$2.5 Million. Jacky declared that she has no other source of income and is excited that they both will be able to benefit from this Residential PV Systems Credit. They contacted TAJ and was told that only one person could benefit from the credit and would therefore be required to file either the IT05 or the S04 to make the claim. Oslow believes that he would benefit more as he already has other non-refundable credit of \$200,000 and decided to claim on his S04.

How much Residential PV Systems credit would Oslow be entitled to and would he be able to utilize the credit on his 2023 return?

Response

Where the principal place of residence is jointly owned by any of the eligible taxpayers, only **one can** make the claim for the credit provided that the requisite license to install the system was obtained from MSET.

- **Determination of available Residential Solar PV System Credit on Oslow’s return**

	\$
a. Total cost of PV Systems	<u>2,500,000</u>
b. Credit entitlement 30% of total cost	<u>750,000</u>

Calculation of Net Tax Payable/Refundable:

c. Tax payable on Statutory Income	320,000
d. *50% of tax payable on Statutory Income	160,000
e. PV Systems credit entitlement for the period	160,000
f. Total other non-refundable credit	200,000
g. Tax payable after non-refundable credit (c-d)	120,000
h. PVC Credit applied (40,000 c/f)	120,000
i. Revised net tax payable/refundable	<u>NiL</u>

***not to be included in the calculations**

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.

TECHNICAL ADVISORY

“Tax Credit: Residential Solar Photovoltaic Systems” Revenue Measure 2023/2024

Oslow would therefore be able to utilize only \$120,000 in 2023 as the tax payable after other non-refundable credit was less than the amount of *Residential Solar PV Systems Credit* that he was entitled to claim in that year. The remaining balance of \$40,000 will be carried forward for use in year of assessment 2024 and subsequent years until it is fully utilized.

11.5 Circumstances where the taxpayer acquires a home inclusive of the Residential Solar PV System

11.5.1 Scenario # 8

Mr. & Mrs. Black acquired a home in the new Portmore Housing Scheme in June 2023. A *Residential Solar PV System* is installed on all the houses in the scheme which is incorporated in the cost of the house.

They are concerned about their eligibility to benefit from the credit given that they did not acquire and install the system themselves.

Would they be eligible?

Response

Mr. & Mrs. Black would be eligible for the credit providing that the developer makes available to them a separate receipt for the acquisition and installation of the system. In addition, a copy of the licence to install the system, certification by the licensed electrical inspector and all details relating to same must be made available to be able to apply for the credit.

TECHNICAL ADVISORY
“Tax Credit: Residential Solar Photovoltaic Systems”
Revenue Measure 2023/2024

12. Appendix 1- Schedule 9



SCHEDULE 9
Computation of Residential Solar Photovoltaic System Credit

INSTRUCTIONS

- ▶ This Schedule is to be completed by employed and self-employed individuals who have acquired an a Residential Solar Photovoltaic (PV) System at their principal place of residence on or after 1st Janu
- ▶ If this is your first time claiming this credit, complete Sections A and B only
- ▶ If you upgraded the system during the year of assessment, complete Section B only

PRINT

RESET

SAVE

Section A - GENERAL INFORMATION	
1. Did you acquire and install Residential Solar PV System on or after January 1, 2023 at your principal place of residence?	☐
2. Our records show that this is your principal place of residence <i>(Please confirm)</i>	☐
3. Valuation number for principal place of residence	4. Are you connected to the JPS Grid? ☐ <i>(If "yes" provide license number)</i>
5. Is the principal place of residence used for any commercial purpose?	☐
Section B - DETAILS OF RESIDENTIAL SOLAR PV SYSTEM <i>(Acquired & installed or upgraded during the year of assessment)</i> <i>(Upload All Support invoices, import de</i>	
1. Date Acquired yyyy mm dd	2. Date Installed yyyy mm dd
3. Total cost to acquire and install or upgrade	
4. Licensed Electrical Inspector Certificate Number	5. Licensed Electrical Inspector Certificate Date
6. Name of Primary Supplier	7. TRN of Primary Supplier <i>(Not ma</i>
8. Name of Primary Installer	9. TRN of Primary Installer <i>(Man</i>
Section C - COMPUTATION OF RESIDENTIAL SOLAR PV SYSTEM CREDIT	
Total Investment cost B/F <i>(This is the cost from Section C Line 3 of Schedule 9 from previous Y/A)</i>	
Total Investment cost to date <i>(Section B, Line 3 plus Section C, Line 1)</i>	
Investment amount eligible for Residential Solar PV System Credit <i>(Section C, Line 2 restricted to four million dollars (\$4 million))</i>	
Residential Solar PV System Credit entitlement <i>(30 % of Section C, Line 3)</i>	
Section D - ACCUMULATED RESIDENTIAL SOLAR PV SYSTEM CREDIT	
Residential Solar PV System Credit utilized from previous years <i>(Section D, Line 8 of Schedule 9 from previous Y/A)</i>	
Amount available for use this period <i>(Section C, Line 4 less Section D, Line 1)</i>	
Total tax payable on Statutory Income this period <i>(Section F of S04 or Section F of IT05)</i>	

Advisory #: 0225/06/IT-TA

DISCLAIMER: This Advisory is a guide only and is not a substitute for the Income Tax Act or any other relevant Legislation.