

Revenue Information Bulletin No. 14-016
August 13, 2014
Individual Income and Corporation Income Taxes

Referrals for Solar Energy Systems

The Solar Energy Systems Tax Credit, provided by La. R.S. 47:6030, allows a tax credit against the income tax for the "...cost of purchase and installation of a solar electric system, a solar thermal system, or a combination of components thereof...at a single-family residence located in Louisiana." Pursuant to La. R.S. 47:6030(C)(1), the "cost of purchase" or "cost" means "...the reasonable and prudent costs for the equipment and installation of the solar electric or solar thermal systems..." Specifically excluded from the eligible costs are management fees or inducements. The statute provides "...“Cost of purchase” or “cost” shall not include any inducement to make a purchase, including but not limited to: rebates; prizes; gift certificates; trips; additional energy items or services, except energy audits offered at no charge to the purchaser; or any other thing of value given by a seller, installer or equipment manufacturer as an inducement to buy a solar electric or solar thermal system.”

When a homeowner is offered a "referral fee" in the form of a cash payment, reduction in the purchase price or receives anything else of value in exchange for a list of persons who may be interested in obtaining a solar energy system, such a fee constitutes an inducement, which is strictly excluded as an eligible cost under La. R.S. 47:6030(C)(1). In such cases, the homeowner's cost basis of the solar energy systems tax credit will be reduced by the fair market value of the "referral fee" received by the homeowner.

For example, the eligible "cost" of a homeowner who has an initial eligible "cost" of twenty-five thousand dollars (\$25,000) but receives a "referral fee" in the amount of one thousand dollars (\$1,000) will be reduced by one thousand dollars (\$1,000), resulting in a final eligible "cost" of twenty-four thousand dollars (\$24,000) for purposes of the solar energy systems tax credit.

For questions concerning this matter, please contact the Policy Services Division at (225) 219-2780. For questions concerning a taxpayer's return, please contact the Office Audit Division at (225) 219-2270.

Tim Barfield
Secretary