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Hawaii Renewable Energy Technologies Income Tax Credits

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The State of Hawaii Department of Taxation ("DOT") recently issued temporary administrative rules that will affect anyone planning on installing and placing in service a renewable energy technology system, including a photovoltaic system, on or after January 1, 2013. The new rules expand on what constitutes a "system" for purposes of claiming Renewable Energy Technologies Income Tax Credits. Under the new rules, in order to claim a tax credit for more than one system, each system must meet the applicable total output capacity threshold requirements. For a single-family residential property, the threshold is five kilowatts per system.

What qualifies as a system is important since taxpayers receive a maximum tax credit of $5,000 for each system that is installed. Under prior guidance issued by the DOT in Tax Information Release No. 2007-02, 2010-02 and 2010-03, the number of systems associated with any property was based on the number of independent connections to the project site's electrical system. Compared to the old rules, the new rules make it more difficult for a taxpayer to qualify for a tax credit for more than one system.

The newly issued temporary administrative rules can be found on the DOT's website at www.hawaii.gov/tax/. For more information please contact Caron N. Ikeda at cni@hawaiilawyer.com, or (808) 531-8031.

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