

# SOLAR PROJECTS | TAX ECONOMICS

Invest **\$1 MM** in 2018 in an eligible US solar project

**\$300,000** (30%) federal tax credit on 2018 tax return

**\$178,500** “bonus” depreciation benefit on 2018 tax return  
(i.e., \$850,000 depreciation deduction at 21% corporate tax rate)

**\$478,500** total 2018 federal tax benefit  
(i.e., recover 47.85% of your investment in the first year)

35-year cash flow generating asset (i.e., the solar project) earns the remaining

**\$521,500** of investment and a return on it

Most efficient for **c-corporations** due to the “passive activity loss”  
and “at risk” rules that apply to individuals

# QUALIFIED OPPORTUNITY ZONE FUND | TAX ECONOMICS

YOU INVESTED  
\$2 MM  
IN 2015 IN  
ACME INC.

SOLD STOCK IN  
2018  
FOR \$3 MM

THEN YOU INVEST THE  
\$1 MM GAIN  
IN A QUALIFIED  
OPPORTUNITY  
ZONE FUND ("FUND").

LEAVING YOU THE  
REMAINING \$2 MM  
OF PROCEEDS  
TO USE AS YOU LIKE

## Tax Benefits

### 2018

defer paying \$200,000 tax on gain (i.e., 20% tax on \$1 MM gain)

### 2023

\$20,000 of tax forgiven (5-yr holding period for 10% tax reduction)

### 2025

\$10,000 of tax forgiven (7-yr holding for 5% more reduction)

### 2026

regardless of holding period: must pay \$170,000 of tax (i.e., \$200,000 less \$30,000) so 17% tax rate on \$1 MM gain from 2018

### 2028

tax basis in Fund investment increases at 10-yr holding period to fair market value of Fund investment (i.e., can sell Fund investment with zero tax)

# QUALIFIED OPPORTUNITY ZONE FUND | TAX ECONOMICS

SO IF FUND INVESTMENT  
INCREASED TO  
\$1.5 MM IN VALUE,  
THAT \$500,000 GAIN  
WOULD BE TAX FREE

(I.E., AT A 20% TAX RATE  
THAT IS \$100,000 IN TAX SAVINGS)

ALL IN REALIZED  
\$1.5 MM  
(ACME GAIN OF \$1 MM  
PLUS FUND GAIN OF \$500,000)

OF GAIN AND PAID  
\$170,000 OF TAX  
OR  
11.3% TAX RATE

THE BETTER THE FUND  
PERFORMS THE GREATER  
THE TAX BENEFIT

SO LONG AS HAVE "GAINS"  
TO DEFER WORKS FOR  
INDIVIDUALS AND  
CORPORATIONS