



Solar Tax Credits, Benefits and the CARES ACT

Reduce Your Taxes Through Investment In Solar Assets

Solar Tax Credits and Bonus Depreciation were created by Congress and the IRS to incentivize the development and deployment of clean energy. Institutional investors, leading banks, and corporations, including Bank of America, Goldman Sachs, Black Rock, and the Carlyle Group, have been taking advantage of clean energy tax credits and the high credit quality cash flows for over a decade. Billions of dollars of these assets, rated A and higher, have been sold into the bond market to date. The top 4 leading accounting firms have all issued guidance and reports on the benefits of solar tax credits.

PowerFund now makes institutional quality solar tax credits, accelerated depreciation, and annuity type income available to smaller corporations, funds, family offices, and qualified individual investors. With experience in solar since 2006, we are a leader in solar finance, establishing funds that allow investors to own these income-producing assets.

Solar energy assets offer the ability to secure tax savings and above market returns with the lowest risk possible.

Standard Terms: Solar provides valuable tax reduction benefits:

- Investors Tax Credit: A dollar-for-dollar tax credit is offered by Congress and the IRS to incentivize investment in clean energy.
- 100% bonus depreciation can be taken on 85% of the total value of the plant, which is greater than the tax investor's contribution. Because depreciation is not limited to the amount invested, the benefits to tax investors are greater.
- Accelerated depreciation rules can further reduce or eliminate taxes on previous or future liquidity events, reduce penalties of exiting a 1031 exchange, or shield the solar assets income to create after-tax returns that are in excess of 8% for up to 20 years.
- The CARES Act allows 5-year recapture of past paid taxes for investments made in 2020.
- Can reduce qualified taxpayers obligation by up to 30%.
- Solar assets are suitable for ERSOPs and other tax structures.



EXAMPLE ONE**Individual Investor, Single Partner****\$4,000,000 investment yields \$7,233,000 in tax benefits**

Tax Equity Investment (40%)	\$4,000,000
Total Solar System Value	\$10,000,000
Investors Tax Credit (30%)*	\$3,000,000
Depreciation 85% of system value (after taking ITC depreciation)	\$8,500,000
Tax equity investors combined (Fed + State) income tax rate†	49.8%
Tax equity depreciation benefits	Up to \$4,233,000
Total tax benefits on \$4,000,000	\$7,233,000
Resulting net tax savings	\$3,223,000

The example tax savings may be reduced by any DRO in Yr. 5

* The above example shows the ITC benefits which is a dollar for dollar tax credit. The ITC can be taken in Yr 1 or carried forward to combine with depreciation to create "after tax" yields that are above market. The next column adds in additional depreciation benefits - demonstrating the combined benefits.

† A significant benefit when offsetting taxes on a liquidity event is that the depreciation can be taken 100% in year one, carried back one year or carried forward to shield future income. The investment amount can be adjusted to any size investment as required to offset the tax obligation. The use of the ITC and depreciation is sculpted to meet each Corp's specific income profile. The actual results will vary based on an investors specific tax rate, jurisdiction, and type of income. The example above assumes a combined tax rate for the purpose of example only. We right size the transaction for each investors objective. In a dual member of "flip structure" LLC the Tax Equity investor takes the ITC and Depreciation on 99% of the systems value not 100% resulting in a slightly lower tax benefits.

EXAMPLE TWO**Corp Tax Equity Investor**

Corporation investing tax equity to offset corporate taxes and increase distribution to shareholder or increase retention of profits.

\$40,000,000 investment yields \$51,845,000 in tax benefits

Tax Equity Investment (40%)	\$40,000,000
Total Solar System Value	\$100,000,000
Investors Tax Credit (30%)*	\$30,000,000
Depreciation 85% of system value (after taking ITC depreciation)	\$85,000,000
Tax equity investors combined (Fed + State) income tax rate†	25.7%
Tax equity depreciation benefits	Up to \$21,845,000
Plus the ITC (30% previously detailed)	\$30,000,000
Total tax benefits on \$40,000,000	\$51,845,000
Resulting net tax savings	\$11,845,000

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For more information go to powerfund1.com**NO INVESTMENT OR TAX ADVICE**

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INVESTMENT RISKS

There are many risks associated with investing. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds, asset acquisitions, partnerships and all other investment structures involve risk of significant financial loss. Loss of principal is possible. While we do not discuss leverage, some investments may use leverage and this creates additional risk, which will accentuate gains & losses. A security's or a firm's past investment performance is not a guarantee or predictor of future investment performance.