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**Phone Numbers**

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**If you have questions, please call one of the following numbers:**

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Form orders	(602) 542-4260
Recorded Tax Information	
Phoenix	(602) 542-1991
From area codes 520 & 928 toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: **www.azdor.gov**

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**General Instructions**

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For taxable years beginning on or after January 1, 2006 through December 31, 2012, Arizona law provides a solar energy credit for a business that installs one or more solar energy devices for commercial or industrial purposes in its trade or business located in Arizona.

The solar energy credit is 10 percent of the cost of the installed device. The credit cannot exceed \$25,000 with respect to the same building in the same tax year, or \$50,000 in total credits in any given tax year.

If the allowable tax credit is more than the tax, the taxpayer may carry the unused credit forward for up to the next 5 consecutive tax years.

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**Who May Claim This Credit**

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This credit is available to individuals, corporations and S corporations. A partnership may pass the credit through to its partners. An S corporation may also pass the credit through to its shareholders. The business may also elect to allow a third party organization that financed the device to claim the credit.

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**Credit Eligibility**

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To be eligible for this credit, the Arizona Department of Commerce must have issued the business a credit certificate that includes an identifying number. To obtain a credit certificate, the business must follow the procedures outlined by the Arizona Department of Commerce. These procedures include the requirement that the business file an application with the Arizona Department of Commerce so that the Department of Commerce can determine whether the project meets the criteria for the purpose of this tax credit. Once the Department of Commerce determines that the project meets the criteria, the Department of Commerce will issue an initial certification of the project. To receive a credit certificate, the business must file additional information to the Arizona Department of Commerce once the installation is complete. For more information on how to make an application for this credit with the Arizona Department of Commerce, visit [www.azcommerce.com](http://www.azcommerce.com).

**NOTE:** *A taxpayer cannot claim this credit without a credit certificate issued from the Arizona Department of Commerce.*

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**Solar Energy Devices**

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For the purpose of this credit, a solar energy device means a system or series of mechanisms designed primarily to provide heating, to provide cooling, to produce electrical power, to produce mechanical power, to provide solar daylighting or to provide any combination of the foregoing by means of collecting and transferring solar generated energy into such uses either by active or passive means, including wind generator systems that produce electricity. Solar energy systems may also have the capability of storing solar energy for future use. Passive systems shall clearly be designed as a solar energy device, such as a trombe wall, and not merely as a part of a normal structure, such as a window.

The person who sells or installs the solar energy device must furnish the taxpayer with an accounting of the cost.

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**Line-by-Line Instructions**

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Enter the names and taxpayer identification numbers (TIN) as shown on Form 140, 140PY, 140NR, 140X, 120, 120A, 120S, or 120X. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal employer identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers who fail to include the preparer TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

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**Part I - Eligibility**

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**Lines 1 and 2**

Answer the questions on lines 1 and 2. If you answer "no" to either question 1 or question 2, you do not qualify for this credit. In this case, do not complete form 336.

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**Part II - Credit Computation for Installing Qualifying Devices**

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**Lines 3 through 16**

Use lines 3 through 16 to figure your credit for installing one or more solar energy devices for commercial or industrial purposes on your business property located in Arizona.

If you have installed more than one device on the same building during the same taxable year, complete your own separate schedule for each device installed on that building. The separate schedules should show the information required on lines 5 through 9 for a single device. Enter the aggregate amount for all devices installed on the same building in the column designated for that building. When

you file your return, attach your separate schedules along with Form 336 to your return.

If you have installed devices on more than three buildings, complete an additional schedule. The additional schedule should show the same information that is shown on the form for the first three buildings.

Complete lines 3 through 16 as instructed on the form.

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### **Part III – Allowable Credit for Third Party Financier Transferred to the Financier from the Business Otherwise Eligible for the Credit**

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#### **Lines 17 through 19**

Use lines 17 through 19 to claim a credit if you are a third party that financed a solar energy device and the business eligible for the credit transferred the credit to you.

#### **Line 17 - Credit Limitation**

The total credit allowed in any given tax year cannot exceed \$50,000. Line 17 limits the amount of credit allowed to be claimed in both Part II and Part III to the \$50,000 maximum. Complete Line 17 as instructed on the Form.

#### **Line 18 - Credits Transferred to Third Party Financier**

Enter the amount from Form 336, Part IV, line 24 received from the business otherwise eligible for the credit. If claiming the credit from more than one business, enter the aggregate amount from Part IV, line 24 from all Forms 336 received from the transferor.

***NOTE:** If claiming the credit as a third party financier, you must attach a copy of the Form 336 from which the credit was transferred. If you are claiming a credit from more than one business, attach all Forms 336 from which the credits were transferred.*

#### **Line 19 – Allowable Credit to Third Party Financier**

Enter the smaller of line 17 or line 18. This is the amount of credit allowable to you as a third party financier.

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### **Part IV – Taxpayer’s Election to Allow a Third Party That Financed the Device to Claim the Credit.**

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#### **Lines 20 through 25**

All taxpayers claiming the credit must complete Part IV. The taxpayer must make an irrevocable election either to claim the credit or to allow a third party to claim the credit.

If a taxpayer makes the election to pass the credit through to a third party that financed the device, the taxpayer must pass the entire credit allowable for that device through to the third party. The taxpayer may not use a portion of the credit and also allow the third party financier to use a portion of the credit. However, if the taxpayer has installed more than one device, the taxpayer may claim the credit for one device

and pass the credit for the second device through to a third party financier.

The election statement must be signed by the taxpayer. In the case of a corporation, the election must be signed by one of the officers of the corporation who is also a signatory to the Arizona Form 120 or Form 120S. In the case of a partnership, the election must be signed by a partner who is also a signatory to the Arizona Form 165.

If you have different devices financed by different third party organizations, and you are allowing more than one third party to claim the credit, complete a separate Form 336 for each third party. On line 25, enter the total amount of the credit passed through to all third party organizations. If you are passing the credit through to only one third party organization, enter the amount from line 24 on line 25.

***NOTE:** If you are not transferring any credit to a third party, enter zero on both lines 24 and 25.*

The taxpayer must furnish each third party financier with a copy of the completed Form 336. The third party financier will use the information from Part IV, line 24 to complete its own Form 336 to claim the credit.

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### **Part V - Current Year’s Credit**

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#### **Lines 26 through 30**

Use lines 26 through 30 to figure the current year’s credit. Complete lines 26 through 30 as instructed on the form.

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### **Part VI - S Corporation Credit Election and Shareholder's Share of the Credit**

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#### **Lines 31 through 34**

The S corporation must complete Form 336, Parts I through V. Then the S corporation must also complete Part VI of Form 336 in order for the S corporation or its shareholders to claim this credit. The S corporation must make an irrevocable election either to claim the credit or to pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

If the S corporation elects to pass the credit through to its shareholders, it must complete lines 32 through 34 separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder’s ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 336.

Each shareholder must complete Parts VIII and IX.

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### **Part VII - Partner's Share of Credit**

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#### **Lines 35 through 37**

Partnerships must complete Form 336, Parts I through V. Then complete Part VII, lines 35 through 37, separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner’s ownership interest in the

partnership. The partnership must furnish each partner with a copy of the completed Form 336.

Each partner must complete Parts VIII and IX.

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### **Part VIII - Available Credit Carryover**

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#### **Lines 38 through 43**

*Note: Since 2006 is the first year for this credit, there can be no carryover from a prior year. For the 2006 taxable year, do not enter any amount on lines 38 through 43.*

Use Part VIII to figure your total available credit carryover. Complete lines 38 through 43 if you claimed the credit on a prior year return and the credit was more than your tax.

Enter the taxable year(s) from which you are carrying over the credit in column (a) on lines 38 through 42. In column (b),

enter the credit originally computed for that taxable year. In column (c), enter the amount of the credit from that taxable year which you have already used. Subtract the amount in column (c) from the amount in column (b) and enter the difference in column (d). Add the amounts entered on lines 38 through 42 in column (d). Enter the total on line 43, column (d).

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### **Part IX - Total Available Credit**

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#### **Lines 44 through 46**

Use lines 44 through 46 to figure your total available credit. Complete lines 44 through 46 as instructed on the form.

Individuals, also enter the total available credit from line 46, Form 336 on Arizona Form 301, Part I, line 22.

Corporations, also enter the total available credit from line 46, Form 336 on Arizona Form 300, Part I, line 17.