

Solar Safe Harbor: A Developer's Decision Flowchart

Guide to establishing Beginning of Construction (BOC) and maintaining continuity under IRS Notice 2025-42.



Was the Beginning of Construction established before **September 2, 2025**?

Yes

No

Then you were able to establish the BOC date using either the **5% Safe Harbor method** or the **Physical Work Test**, regardless of project size.

Your project may be subject to the new, stricter framework under Notice 2025-42.

Next Question: Is the total project size ≤ 1.5 MW (AC)?

Yes

No

project is ≤ 1.5 MW (AC)

You Have a Choice of BOC Method

Option A: 5% Safe Harbor

Pay or incur 5% of total project cost

Option B: Physical Work Test

Start significant on-site or off-site physical work (see detailed description below)

- **On-Site Work**
e.g., Installation of racking, foundations, etc.
- **Off-Site Work**
e.g., Manufacturing of a custom, non-inventory transformer under a binding written contract.

Project is > 1.5 MW (AC)

You can only use the **Physical Work Test**

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You have successfully established the **Beginning of Construction date**. Now you must maintain continuity.

When did you establish your BOC date?

If BOC is on or before July 4, 2026:

You have 4 years to place the project in service (must be placed in service by December 31st of the 4th year after the established BOC date).

If BOC is after July 4, 2026:

You must place the project in service by December 31, 2027, to receive the credit (stricter deadline).

Is the project Placed in Service by the applicable deadline?

Yes

Congratulations! You have met the BOC and Continuity requirements.

FEOC Requirements

If you BOC on or before December 31, 2025:

You do not have to meet the new FEOC requirements that begin on January 1, 2026.

Domestic Content Bonus Credit (+10% ITC)

To qualify for the domestic content bonus credit, you must meet increasing domestic content thresholds based on your BOC date. Notice 2025-42 does not apply to the BOC determination for domestic content purposes.

Construction Begin Date	Required Domestic Content %
2026	50%
2027	55%

Don't leave money on the table.

Schedule a consultation with our team.

U.S.-manufactured, FEOC-compliant, Novogradac validated.