



March 2026

Navigating Prohibited Foreign Entity (PFE) Requirements with SolarEdge:

Compliant Products, Safe Harbor Tables & FAQs¹

As a result of the One Big Beautiful Bill Act (P.L. 119-21) ("OBBA"), taxpayers must comply with Prohibited Foreign Entity ("PFE") requirements for solar and battery energy storage facilities to qualify for U.S. federal income tax credits under Section 48E or Section 45Y of the Internal Revenue Code. These requirements are sometimes referred to as the "FEOC" requirements. Under these requirements, taxpayers are not eligible to claim the credit if (1) they are PFEs, or (2) receive "material assistance" from a PFE. To determine whether material assistance was received from a PFE, taxpayers must calculate the material assistance cost ratio ("MACR") with respect to each qualified facility or battery energy storage technology. The MACR must meet the applicable threshold set forth in the statute, which varies based on technology and when the facility began construction.

SolarEdge has done the necessary due diligence and can confirm that we are not a PFE. In addition, SolarEdge has received certifications from its contract manufacturers who have also done the necessary due diligence and confirmed that they are also not PFEs.

SolarEdge has thoroughly reviewed and evaluated its products considering the new PFE MACR requirements and have concluded that the following part numbers are eligible for "PFE Compliant" percentages indicated.²

The Products:³

Products intended for Residential use

¹ The statements contained within reflect SolarEdge's views as of the date hereof and are subject to change based on future guidance from the U.S. Department of the Treasury/IRS. No opinion has been obtained from the IRS, and the IRS or a court may take a different position. The application of the relevant rules is highly fact-specific, including based on equipment use. This information is general in nature and does not constitute legal or tax advice. You should consult your own legal and/or tax advisors regarding PFE compliance and application to your specific project.

² Under IRS Notice 2026-15, taxpayers may utilize the safe harbor tables found in IRS Notice 2025-08 to calculate the MACR for a particular qualified facility or energy storage technology. The tables listed here represent SolarEdge's expectation of the amount that a taxpayer will likely be able to include when calculating the non-PFE percentage for purposes of the MACR.

³ The list of "PFE compliant" products may not include all currently eligible products. To verify whether specific SKU/serial numbers not included above are "PFE Compliant" please contact a SolarEdge sales representative.



Battery Energy Storage Systems:

UNX-BLCK-5K-A-01; UNX-BLCK-5K-A-02; UBAT-10K1PS0B-03; UBAT-10K1PS0B-04;

DC Optimized Inverter Systems:

consisting of inverter SKU USE11400H-USSKBEZ8; USE11400H-USSKBLZ8; SE3800H-USMNUBL75; SE5700H-USMNUBL75; SE7600H-USMNUBL75; SE10000H-USMNUBL75; SE11400H-USMNUBL75; SE3800H-USMNUBL15; SE5700H-USMNUBL15; SE7600H-USMNUBL15; SE10000H-USMNUBL15; SE11400H-USMNUBL15; SE3800H-USMNBBL15; SE5700H-USMNBBL15; SE7600H-USMNBBL15; SE10000H-USMNBBL15; SE11400H-USMNBBL15; USE3800H-USMNBE78; USE5700H-USMNBE78; USE7600H-USMNBE78; USE10000H-USMNBE78; USE11400H-USMNBE78; USE3800H-USMNBL75; USE5700H-USMNBL75; USE7600H-USMNBL75; USE10000H-USMNBL75; USE11400H-USMNBL75; UNX13000T-00UCY-xx; and optimizers SKU U650; U650B; S440 and S500B (Identified by serial #s beginning with: SBxxxx, STxxxx, SVxxxx, SMxxxx, SZxxxx); S440 (Identified by serial #s beginning with S4).

Products intended for Commercial and Industrial (C&I) use

DC Optimized Inverter Systems:

consisting of inverter SKU USE-SIN-USR0IBNS8; USESUK-USR0INNN8; USE-SIN-USR0IBNS6; USESUK-USR0INNN6; and optimizer SKU C651U.

Safe Harbor Tables

IRS Notice 2025-08 — Rooftop (MLPE) Inverter Products

Inverter (includes DC Optimized Inverter System)	Rooftop MLPE
Printed Circuit Board Assemblies (DC-DC)	7.8%
Printed Circuit Board Assemblies (DC-AC)	11.8%
Enclosure	4.3%
Production	0.9%
Total	24.8%

IRS Notice 2025-08 — Distributed BESS

APC	MPC	Distributed BESS
Battery Pack	Packaging	13.4%
Inverter/Converter	Printed Circuit Board Assemblies	5.4%
	Enclosure & Skids	1.0%
	Production	4.3%
Battery Container/Housing	Enclosure	22.8%



	Battery Management System	10.1%
	Thermal Management System for Battery Container Housing	10.1%
	Production	3.1%
Total		70.2%

IRS Notice 2025-08 — Ground Mount

(USE-SIN-USR0IBNS8 and USESUK-USR0INNN8, when paired with C651U)

Inverter	Ground Mount (Tracking)	Ground Mount (Fixed)
Printed Circuit Board Assemblies	2.4%	3.1%
Electrical Parts	0%	0%
Thermal Management System	0.5%	0.7%
Enclosure & Skids	0.6%	0.9%
Production	1.2%	1.7%
Total	4.7%	6.4%

(USE-SIN-USR0IBNS6 and USESUK-USR0INNN6, when paired with C651U)

Inverter	Ground Mount (Tracking)	Ground Mount (Fixed)
Printed Circuit Board Assemblies	2.4%	3.1%
Electrical Parts	0.8%	1.1%
Thermal Management System	0.5%	0.7%
Enclosure & Skids	0.6%	0.9%
Production	1.2%	1.7%
Total	5.5%	7.5%

Frequently Asked Questions

General PFE Compliance Questions

▶ What is a FEOC and what is a PFE?

In general, the term “FEOC” stands for “foreign entity of concern” and is used in the context of the OBBBA to describe a set of rules that impose restrictions on eligibility for tax credits for entities. Under these rules a taxpayer cannot claim a credit if it is a prohibited foreign entity (“PFE”) or receives “material assistance” from a PFE.

The term “PFE” means a “prohibited foreign entity” as defined under 26 U.S. Code § 7701(a)(51), which generally means a citizen or national of China, Russia, Iran, and North Korea (each, a “Covered Nation”) or an entity that is owned by, controlled by, subject to the jurisdiction or direction of a government of a foreign country that is a Covered Nation, an entity that is organized or has its principal place of business in a Covered Nation, or any entity that is controlled by such through contract, debt or otherwise.

▶ Are SolarEdge inverter models PFE compliant?

Please refer to the chart to understand which inverter products and BESS are PFE compliant.

▶ Can I mix PFE and non-PFE components?

Yes, you can mix components in your project as long as you reach the minimum 40% threshold required for projects that begin construction in 2026 (rising to 45% in 2027). For example, if you have a SolarEdge PFE compliant DC Optimized Inverter System (24.8%) + PFE compliant racking (19.6%) = 44.4%, you can utilize solar PV modules made by a PFE.

▶ Can a product be manufactured in the US but not be PFE compliant?

Yes, if the manufacturer is a PFE — the product is *not* PFE compliant irrelevant of the location at which it was manufactured.

▶ If a product is PFE compliant, does that mean it also gets domestic content %?

No, domestic content is based on where the product was produced. PFE determination is based on the status of the manufacturer without regard to the location at which it is manufactured. A product can be PFE compliant but not meet the domestic content requirements.

SolarEdge has both non-PFE (PFE compliant) and domestic content compliant products. Ask your sales representative or refer to the tables above.

PFE Safe Harbor

▶ If I began construction before December 31, 2025 (i.e., “PFE Safe Harbor”), do I have to meet the PFE requirements?



Only projects that commenced construction (BOC) after December 31, 2025, have PFE material assistance requirements.

▶ What's the physical construction requirement vs. just purchasing equipment for purposes of the PFE requirements?

There are two methods to begin construction — the 5% Safe Harbor method and the Physical Work Test. SolarEdge can provide options for both - reach out to your sales team to learn more.

▶ If we start construction in 2026, meaning we have to consider the material assistance requirements, then what non-PFE % is required for solar projects? 40%, or 45%?

The material assistance requirement is based on the year the taxpayer began construction and the type of project. If you begin construction in 2026, it would be 40% for solar facilities and 55% for energy storage technology projects. If you begin construction in 2027, you must meet 45% for solar facilities and 60% for energy storage technology.

Placed In Service Safe Harbor

▶ What does "safe harbor" mean in 2026? Do we need to start construction before July 4th?

Eligible facilities that **begin construction (as defined for tax purposes) on or before July 4, 2026 (i.e., the "Placed In Service Safe Harbor")**, do not have a statutory deadline to place the facility in service.

Facilities that **begin construction after July 4, 2026, are subject to a placed in-service deadline of December 31, 2027 as set in OBBBA**. The PFE Safe Harbor and Placed In Service Safe Harbor are different.

Note that under the tax rules for beginning construction, if construction of an eligible facility begins during 2026, there may be a benefit to placing in service the eligible facility by December 31, 2030 to satisfy the "continuity safe harbor".

PFE Material Assistance Calculation

▶ For solar projects that begin construction in 2026, 40% must be sourced from non-PFE suppliers. Using the IRS Notice 2025-08 safe harbor table for solar PV rooftop MLPE projects, permitted by IRS Notice 2026-15, SolarEdge DC Optimized Inverter Systems plus non-PFE tracking can clear the 40% threshold — so no module contribution is required for overall projects to be PFE compliant, correct?

Yes, with DC Optimized Inverter Systems + non-PFE racking = 44.4%.

▶ For energy storage projects that begin construction in 2026, 50% must be sourced from non-PFE suppliers. Using the IRS Notice 2025-08 safe harbor table for distributed battery energy storage systems, permitted by IRS Notice 2026-15, do SolarEdge batteries meet the 50% threshold?

Yes, our BESS systems included in the table above and listed below is 70.2% non-PFE.



UNX-BLCK-5K-A-01; UNX-BLCK-5K-A-02; UBAT-10K1PS0B-03; UBAT-10K1PS0B-04

▶ For the material assistance requirements, can non-PFE Racking be included in the MACR calculation?

Yes, if using the MLPE Rooftop column, our non-PFE DC Optimized Inverter Systems and non-PFE racking equals 44.4%.

Documentation & Verification

▶ What documentation do I need to prove PFE compliance?

Under the tax code, taxpayers must always maintain documentation to substantiate their claim. Taxpayers can rely on certifications from their suppliers to help demonstrate compliance with the material assistance requirements as indicated in IRS Notice 2026-15.

Customers can reach out to their SolarEdge representative to receive such certifications.