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## **Get Credit for Going Green**

When you invest in energy-efficient products, not only are you doing your share for the environment, you may also be saving money on both your energy bills and your tax return. As you consider your next home-improvement project or vehicle purchase, consider these energy-related tax credits created or expanded by the American Recovery and Reinvestment Act (ARRA) of 2009.

- 1. Residential Energy Property Credit** This tax credit is for homeowners who make qualified energy efficient improvements to their existing homes. This credit is for 30% of the cost of all qualifying improvements and maxes out at \$1500 for improvements placed in service in 2009 and 2010 combined. The credit applies to such improvements as adding insulation, energy efficient exterior windows and doors (including storm doors), water heaters, metal and asphalt roofs, biomass stoves and HVAC. Installation costs for biomass stoves, HVAC and water heaters also qualify.

Not every product qualifies so be aware of the requirements when making your selection. You may choose an HVAC unit which as a whole does not qualify but the circulating fan does. Ask your contractor to break out the price of the fan in order to claim your credit.

- 2. Residential Energy Efficient Property Credit** This tax credit will help individual taxpayers pay for qualified residential alternative energy equipment, such as solar hot water heaters, solar electricity equipment, geothermal heat pumps and wind turbines installed in connection with their home. Installation costs qualify so if these costs are part of a large renovation or building project, make sure your contractor can break these costs out of the entire contract price. The credit, which runs through 2016, is 30 percent of the cost of the qualified property. ARRA removed previously imposed annual dollar limits.
- 3. Plug-in Electric Drive Vehicle Credit** This credit, which was modified by ARRA, applies to plug-in vehicles purchased in 2010 through 2014. The minimum credit is \$2500 and tops out at \$7500, depending on battery capacity. This credit phases out for each manufacturer after they sell 200,000 vehicles. The Chevy Volt and Nissan Leaf, coming out later this year, should qualify for this credit.

- 4. Plug-in Electric Vehicle Credit** This is a special tax credit for two types of plug-in vehicles—certain low-speed electric vehicles and two-or-three wheeled vehicles. The credit is 10 percent of the cost up to \$2500 for purchases made before Jan, 1, 2012.
- 5. Credit for Conversion Kits** This credit is 10 percent of the cost of converting a vehicle to a qualified plug-in electric drive motor vehicle. The maximum credit, which runs through 2011, is \$4000.
- 6. Treatment of Alternative Motor Vehicle Credit as a Personal Credit Allowed Against AMT** ARRA now allows the Alternative Motor Vehicle Credit, including the tax credit for purchasing hybrid vehicles, to be applied against the Alternative Minimum Tax. Under prior law, this credit could not be taken or was reduced if the taxpayer owed AMT.
- 7. Rebates for Energy Star Appliances** You may be eligible to receive rebates from your state for the purchase of new Energy Star qualified appliances. These rebates are being funded with \$300 million from the ARRA. Under this program, eligible consumers can receive rebates to purchase new energy-efficient appliances when they replace used appliances. Each state has designed its own rebate program and the method by which the rebates are received by the consumer. Note that these rebates are not claimed via your income tax return. While Ohio's program began in March, the Kentucky appliance mail-in rebate program begins April 22, 2010. Both state programs run until that state's funding runs out. Check out this website for details.  
<http://www.energysavers.gov/financial/70020.html>