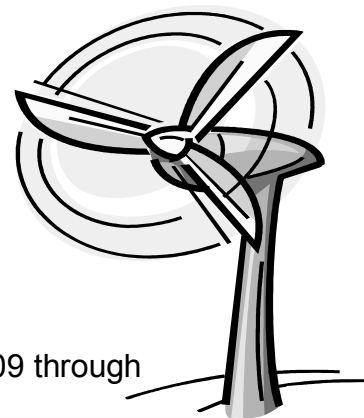


# **Residential energy credits for alternative energy equipment**



## **What?**

- The residential energy credits provide a federal tax credit for 2009 through 2016.
- Qualifying alternative energy equipment get a 30% credit with no limit in most cases.
- These credits are non-refundable. They can only reduce your tax to 0. Unused credits for alternative energy equipment can be carried forward, however.
- These credits are not limited by the alternative minimum tax (AMT).

## **Who qualifies?**

- Qualified alternative energy property needs to be purchased, installed, and placed into use in a taxpayer's principal residence during the year to get a refund.
- There is no upper income limitation to qualify for energy credits, but low income taxpayers with no tax will not benefit in the current year.

## **What purchases qualify for the unlimited 30% credit?**

- The following alternative energy property qualifies for an unlimited 30% credit:
  - Solar water heating systems
    - At least half of the energy must come from the sun.
    - The water must be used in the dwelling.
    - The credit is not available for swimming pools or hot tubs.
  - Solar photo voltaic systems that produce energy
  - Geothermal heat pumps
- The following property qualifies for a 30% credit with certain limits:
  - Qualified fuel cell property
    - Efficiency of at least 30% and must have a capacity of at least 0.5 kW.
    - Credit is 30% of the cost, up to \$500 per .5 kW of power capacity.
  - Small wind energy property
    - Property must be 100 kilowatts or less.
    - The wind credit limit is \$4,000.

## **Tips:**

- Get verification from the manufacturer that your energy property qualifies.
- Visit the Energy Star website (Federal Tax Credits) for more specific information.