



Going green? Get credit ***Tax credits for energy improvements***

Sure, going green is the hot trend for both individuals and business, but did you know that doing so can reduce your taxes? This year, boosting the energy efficiency of your home or car may allow you to qualify for certain tax credits. Many of these credits are a result of provisions in the American Recovery and Reinvestment Act of 2009.

On the home front

If you improve the energy efficiency of your home, you may receive a tax credit to offset some of the costs. In fact, you can receive a credit of 30% of the cost of eligible energy-efficient “appliances.” Among the items eligible for the credit are biomass stoves; heating, ventilating and air conditioning equipment; insulation; metal and asphalt roofs; nonsolar water heaters; and windows and doors.

To qualify, the item needs to meet certain energy efficiency criteria. For instance, nonsolar water heaters placed into service after Feb. 17, 2009, generally must have an energy factor of at least 0.82, or a thermal efficiency of at least 90%. The manufacturer’s certification will state if a product qualifies for the credit.

Bear in mind that the maximum credit per *household* — not per *appliance* — is \$1,500. What’s more, it covers appliances purchased during both 2009 and 2010, but you can’t claim separate credits for each year. Finally, note that the improvements need to be made to your *principal* place of residence — they can’t be made to a vacation home or other “second” home.

To get the credit for products you installed *last year*, unless you filed for an extension on your 2009 income tax return, you’ll need to file an amended return. For products that you buy and place into service *this year*, you’ll take the tax credit on your 2010 return. Be sure to retain your receipts and the manufacturer’s certification statement in case any questions arise at tax time.

Your wheels

Along with credits for saving energy as you spruce up your home, Uncle Sam also offers incentives for buyers of energy-efficient new cars. If you buy a plug-in electric vehicle that has four or more wheels and a battery capacity of at least four kilowatt hours, you may be eligible for a credit. The exact amount will vary with the size of the battery.

This credit may apply to vehicles purchased in 2009, 2010 or 2011 for personal or business use, and will phase out as sales of plug-in cars grow and hit certain benchmarks.

Green means go, soon!

If you’re considering taking action to make your life greener, act sooner rather than later. As of this writing, the tax credit for making your home more energy efficient expires on Dec. 31, 2010. It could be extended, however, so check with your tax advisor for the latest information.

Sidebar: Extreme green

If you want to go even greener and put in a geothermal heat pump, small wind turbine, solar water heater or solar energy system, you can receive a credit of 30% of the cost, with no upper limit. What’s more, this credit extends through 2016. Be aware that the appliance can be for a home that isn’t your principal residence, so long as it’s a home that you use personally. Thus, your “second” home qualifies, but a rental home doesn’t.

Generating your own electricity? You can also receive a credit of 30% of the cost of fuel cells, up to \$500 per 0.5 kilowatts of power capacity. However, this credit applies to only fuel cells operating at your principal residence.

Note that these credits are separate from the \$1,500 credit detailed in the main article. So, if you complete a few upgrades, you may be eligible for multiple credits. For more information, log onto <http://www.energystar.gov>.