

## **Solar Incentives for Residential Customers**

### **Federal Residential Renewable Energy Tax Credit**

#### **Eligible Property:**

- Solar Water Heat
- Photovoltaics
- Wind
- Fuel Cells
- Geothermal Heat Pumps
- Other Solar Electric Technologies
- Fuel Cells using Renewable Fuels

#### **Amount of Credit:**

- 30%

#### **Maximum Incentives:**

- Solar-electric systems placed in service before 1/1/2009: \$2,000;
- Solar-electric systems placed in service after 12/31/2008: no maximum
  
- Solar water heaters placed in service before 1/1/2009: \$2,000
- Solar water heaters placed in service after 12/31/2008: no maximum
  
- Wind turbines placed in service in 2008: \$4,000
- Wind turbines placed in service after 12/31/2008: no maximum
  
- Geothermal heat pumps placed in service in 2008: \$2,000
- Geothermal heat pumps placed in service after 12/31/2008: no maximum
  
- Fuel cells: \$500 per 0.5 kW

#### **Eligible System Size and Equipment Requirements:**

- Solar-electric systems - The home served by the system does *not* have to be the taxpayer's principal residence.
  
- Solar water heating property must be certified by SRCC or a comparable entity endorsed by the state where the system is installed. At least half the energy used to heat the dwelling's water must be from solar. The tax credit does not apply to solar water-heating property for swimming pools or hot tubs. The home served by the system does *not* have to be the taxpayer's principal residence.

- Small wind-energy property - The home served by the system does *not* have to be the taxpayer's principal residence.
- Geothermal heat pumps must meet federal Energy Star criteria. The home served by the system does *not* have to be the taxpayer's principal residence.
- The fuel cell must have a nameplate capacity of at least 0.5 kW of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%. In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$1,667 per 0.5 kW. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid. The home served by the system *must* be the taxpayer's principal residence.

**Carryover Provisions:**

Excess credit generally may be carried forward to next tax year

**Expiration Date:**

12/31/2016

***Note: The American Recovery and Reinvestment Act of 2009 does not allow taxpayers eligible for the residential renewable energy tax credit to receive a U.S. Treasury Department grant instead of taking this credit.***

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is at a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for on-site preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. The credit can be claimed against the alternative minimum tax. The excess credit may be carried forward until 2016, but it is unclear whether the unused tax credit can be carried forward after then.