



# nerelj

## **Business energy investment tax credit**

June 30, 2009 - Front Section

In recent years, there has been more emphasis placed on reducing the reliance on oil and gas produced energy. This has been evident in the interest generated in the fields of renewable energy sources and hybrid automobiles. In order to encourage businesses to adopt or convert to more energy efficient systems, the government has enacted legislation. The Energy Improvement and Extension Act of 2008 expanded the definition and applicability of the existing business energy investment credit. The revisions were again expanded in The American Recovery and Reinvestment Act of 2009.

The 30% credit applies to: 1) Solar energy property used to heat or cool a facility, generate electricity or heat water; 2) Fuel cells subject to various specifications and kilowatt capacities placed in service after October 4th, 2008; and 3) Small wind turbines placed in service after December 31st, 2008. There is no maximum amount on the 30% credit, so all qualifying expenses will be eligible.

There is also a 10% credit with no maximum amount for three other types of systems: 1) Geothermal Systems including heat pumps placed in service after October 3rd, 2008; 2) Microturbines up to two megawatts in capacity, subject to other specifications; and 3) Combined heat and power property that apply to larger energy producing systems.

There are some rules that apply to taxpayers wishing to claim this credit. The credit is only applicable to commercial applications. The taxpayer must be the first one to use or construct the system, the energy property must be operational in the year the credit is claimed, and it must be in compliance with the energy efficient standards in effect at that time.

Norman Posner, CPA, managing partner, Samet & Co., Chestnut Hill, Mass. Ron Mutascio, CPA MST, Samet, contributed to this article.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540