

# FEDERAL

## Residential Renewable Energy Tax Credit

**Short Description:** An income tax credit of 30% for the complete cost of qualified renewable energy technologies. The credit is scheduled to expire 12/31/2016.

**Beneficiary:** A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned and used as a residence by the taxpayer.

**Type of Incentive:** Income tax credit

**Effective Date:** The benefit is scheduled to expire December 31, 2016

**Value of Benefit:** An income tax credit of 30% of the total investment. The credit is computed and claimed on the 2013 Federal Form 5695.

**Full Description:** A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned 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.

- There is no maximum credit for systems placed in service after 2008
- Systems must be in service on or after January 1, 2006, and on or before December 31, 2016.
- The home served by the system does not have to be the taxpayer’s principal residence.

### **Federal Reference:**

26 USC § 25D

<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleA-chap1-subchapA-partIV-subpartA-sec25D.pdf>

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