

## What Could Be Better Than Going Green?

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Going green AND saving taxes. By going green, individuals and businesses may be able to save - or even make - more green, as in money. There are numerous tax incentives that encourage us to go green. Listed below are the highlights from some of the tax incentives available for individuals and businesses (emphasis is on businesses). Some of these incentives were added by the Emergency Economic Stabilization Act of 2008 and apply to periods after October 3, 2008.

### Energy Credit

The energy credit is available for businesses for qualified energy expenditures. A 30% credit applies to solar energy property, hybrid solar lighting systems, qualified fuel cell property, and small wind energy property. A 10% credit applies to stationary microturbine property, combined heat and power property, and geothermal heat pump systems. The credit is available for systems placed in service through December 31, 2016. For fuel cell property, the credit is limited to \$1,500 for each half-kilowatt of capacity of such property. For small wind energy property, the credit is limited to \$4,000 for the tax year. For stationary microturbine property, the credit is limited to \$200 for each kilowatt of capacity of such property.

The residential alternative energy credit is similar to the energy credit; however, is available for individuals for qualified residential alternative energy expenditures. For more information, please visit [www.irs.gov](http://www.irs.gov) or [www.seia.org](http://www.seia.org).

### Tax Deductions for Commercial Buildings

A tax deduction of up to \$1.80 per square foot is available to owners and lessees of new or existing commercial buildings that install 1) interior lighting, 2) building envelope, or 3) heating, cooling, ventilation or hot water systems that reduce the buildings total energy and power cost by 50% or more (must meet certification requirements). Deductions of up to \$.60 per square foot are available if the system meets target levels that would reasonably contribute to an overall building savings of 50% if additional systems were installed. These tax deductions are available for systems placed in service from January 1, 2006 through December 31, 2013.

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Spotlight on lighting - Because lighting systems are easy to upgrade and the precise energy savings gained by upgrades are already known, building owners and lessees are encouraged to focus on lighting improvements first.

### **Renewable Energy Tax Credits**

North Carolina provides a tax credit of 35% of the cost of renewable energy property constructed, purchased or leased by a taxpayer and placed into service in North Carolina during the taxable year. The credit may not exceed 50% of the taxpayer's tax liability for the year reduced by the sum of all other credits. These credits took effect January 1, 2000. In September 2005, the credits were extended through December 31, 2010.

A maximum credit of \$2,500,000 applies to businesses for all solar, wind, hydro, and biomass applications on commercial and industrial facilities, including photovoltaic (PV), daylighting, solar water-heating, and space-heating technologies. Expenditures eligible for the tax credit include: equipment and associated design; construction; installation less any discounts, rebates, advertising, installation-assistance credits, name-referral allowances or other small reductions.

The renewable energy tax credit also applies to individuals. For more information, please visit [www.dsireusa.org](http://www.dsireusa.org).

### **Property Tax Exemption for Solar Electric Systems**

In August 2008, North Carolina enacted legislation that exempts 80% of the appraised value of a "solar energy electric system" (defined as all equipment used directly and exclusively for the conversion of solar energy to electricity). Effective for taxable years beginning on or after 7/1/08.

### **Think Green When Renovating**

When renovating, consider deconstruction which is offered by Habitat for Humanity Charlotte Restore. Deconstruction is the careful removal of building materials from homes to be salvaged for reuse. The salvaged building materials include cabinets, doors, windows, plumbing fixtures, and lighting. The Restore offers deconstruction as a free service and all items are tax deductible.

If the salvaged building materials have a fair market value greater than \$500, your tax deduction is reported on IRS Form 8283. If the salvaged building materials have a fair market value greater than \$5,000, your tax deduction requires some additional planning. First, you must get a written appraisal from a qualified appraiser. The appraiser must complete Part III of IRS Form 8283.

Second, Habitat for Humanity (or another donee organization that is receiving the salvaged building materials) must complete Part IV of IRS Form 8283.

### **Consider a Tax-Deductible Contribution to NC Greenpower**

NC Greenpower is an independent, nonprofit organization established to improve North Carolina's environment through voluntary contributions toward renewable energy. The goal of NC Greenpower is to supplement the state's existing power supply with more green energy - electricity generated from renewable sources like the sun, wind and organic matter. A typical contribution of just \$4 per month adds one block of 100 kilowatt hours of green energy to North Carolina's power supply. Large-volume users - usually from the corporate sector - may contribute towards 100 or more blocks at a rate of \$2.50 per block. The annual reduction of CO<sub>2</sub> emissions from one block of NC Greenpower subscribed monthly is equivalent to planting 192 trees or not driving 3.039 miles or 73 days. Contribute today by contacting your local utility or [www.ncgreenpower.com](http://www.ncgreenpower.com).

Going green is a hot topic for individuals and businesses. The list of benefits for going green is endless, such as conserving natural resources, eliminating waste and minimizing emissions. Saving taxes can also be added to that list.

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