

October 15, 2009

Energy Tax Credits for Businesses

There are many tax credits available to businesses encouraging the development and use of alternative energy sources and energy efficient equipment. Here is a summary of some of the credits available:

Expansion of allowance for cellulosic biofuels property. The provision allowing taxpayers to immediately write off 50% of the cost of facilities that produce cellulosic biofuels is expanded to include production of other cellulosic biofuels in addition to cellulosic ethanol.

Percentage depletion for marginal wells. The suspension on the taxable income limit for purposes of depreciating a marginal oil or gas well is extended for 2009.

Extension and modification of credit for energy-efficiency improvements to existing homes. The tax credit for energy-efficient existing homes is extended for 2009 and is expanded to include energy-efficient biomass fuel stoves as a new class of energy-efficient property eligible for a consumer tax credit of \$300.

Extension of energy-efficient buildings deduction. The law allowing taxpayers to deduct the cost of energy-efficient property installed in commercial buildings is extended through 2013.

Extension of credit for energy-efficiency improvements to new homes. The provision allowing contractors to receive a credit for the construction of energy-efficient new homes is extended through 2009.

Modification and extension of energy-efficient appliance credit. The provision allowing manufacturers to receive a tax credit for the production of energy-efficient appliances is extended through 2010, and the credit's standards and amounts are increased.

Investments in recycling. Taxpayers can claim accelerated depreciation for purchases of equipment used to collect, distribute or recycle a variety of commodities.

I hope this information is helpful. If you would like more details about these changes, or any other aspects of the new law, please do not hesitate to call.