

## Tax Credit FAQ Fact Sheet

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### What is the Biomass-Burning Stove Tax Credit?

This federal tax credit encourages people to make energy-conscious purchases that improve the energy efficiency of their home. It is an up to \$1,500 credit you can get for buying a qualifying biomass-burning stove or fireplace insert between January 1, 2009 and December 31, 2010. Biomass simply means the stove uses wood or pellet fuel.

### What is the difference between a tax deduction and a tax credit?

A deduction is an expense or amount you can subtract from your taxable income. A tax credit lowers your actual tax bill dollar-for-dollar, in this case by up to \$1,500. In general, a tax credit is more valuable than a similar tax deduction.

### How is the value of this tax credit determined?

When you buy a qualifying biomass-burning appliance between January 1, 2009 and December 31, 2010, you get a tax credit of 30% of the total price, up to \$1,500 dollars. So, for example, if your wood or pellet stove cost \$5,000 (which can include installation), you can deduct \$1,500 from the taxes you owe the government.

### What appliances qualify for the tax credit?

Any wood- or pellet-burning stove that meets the 75% efficiency rating qualifies for this credit.



Manufacturers test their products to certify they meet this efficiency standard and the IRS-required certification will come with the product straight from the appliance manufacturer. Visit your local specialty retailer who can explain which products they have will qualify for the tax credit.

#### **Are biomass stoves installed in new or vacation homes covered by this tax credit?**

No. The credit only applies to your existing principal residence. New homes and vacation homes don't qualify, nor do homes owned as rental units.

#### **How do I ensure that I can collect on my tax credit?**

Save your receipt that proves you purchased the qualifying appliance between January 1, 2009 and December 31, 2010. You'll also need a manufacturer's certification statement that states your product meets the 75% efficiency rating needed to qualify for this tax credit.

Your specialty retailer will give you the manufacturer's certification statement that must include:

- The name and address of the manufacturer.
- Identification of the class of qualified energy property (e.g., biomass-burning stove).
- The make, model number and any other appropriate identifiers of the stove.
- A statement that the product is an eligible qualified energy property.
- A signature of a person able to bind the manufacturer to the above standards.

These documents don't need to be attached to your tax return, but you should keep them for your records.

#### **Are installation costs included in this tax credit?**

Yes. Installation costs are included as long as professional installation is required for the proper and

safe operation of the stove.

**Where can I find more information about this tax credit?**

Our Government Affairs Issues & Legislation section answers some of the more technical questions on the tax credit legislation. You can also check out the IRS's description.