

# Rosen Seymour Shapss Martin & Company LLP

*Certified Public Accountants & Profitability Consultants*

## **RSSM Tax Alert**

### **Energy Tax Incentives in the American Recovery and Reinvestment Act of 2009**

#### ***Part 3 of 4***

Dear Clients and Friends of our Firm:

The recently enacted "American Recovery and Reinvestment Act of 2009" (the 2009 economic stimulus act) includes a package of tax incentives to encourage investments in renewable energy projects or more-efficient technologies. Below is an overview of these new provisions. Please feel free to call our office for details of how the new changes may affect you, your investments, or your business.

**Long-term extension and modification of renewable energy production tax credit.**

The new legislation extends the placed-in-service date for wind facilities for three years (through December 31, 2012). It also extends the placed-in-service date through December 31, 2013 for certain other qualifying facilities: closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; waste-to-energy; and marine renewable facilities.

**Temporary election to claim the investment tax credit in lieu of the production tax credit.** Facilities that produce electricity from solar facilities are eligible to claim a 30% investment tax credit in the year the facility is placed in service. Facilities that produce electricity from wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy, and marine renewable facilities are eligible for a production tax credit, payable over a ten-year period. The Act provides a temporary election to claim the investment tax credit in lieu of the production tax credit.

**Business energy credit.** The new law enhances the business energy credit by eliminating the cap on small wind property and repealing the basis reduction requirement for subsidized energy financing.

**Energy-efficient existing homes.** The new law extends the tax credits for improvements to energy-efficient existing homes through 2010. For 2009 and 2010, the amount of the tax credit is increased from 10% to 30% of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements. The property-by-property dollar caps on the tax credit are also eliminated, and an aggregate \$1,500 cap applies to all property qualifying for the credit.

**Residential energy property.** The new law removes the dollar limitations on certain

energy credits, e.g., for qualified small wind energy property (\$4,000 cap); for qualified solar water heating property (\$2,000 cap); and qualified geothermal heat pumps (\$2,000).

**Tax credits for alternative fuel pumps.** The new law provides an increase for 2009 and 2010 in the 30% alternative refueling property credit for businesses (capped at \$30,000) to 50% (capped at \$50,000).

**Credit for investment in advanced energy facilities.** The new law establishes a new manufacturing investment tax credit for investment in advanced energy facilities. These include facilities that manufacture components for the production of renewable energy, advanced battery technology, and other innovative next-generation green technologies.

**Vehicles.** The new law provides a tax credit for purchases of plug-in electric drive vehicles ranging from \$2,500 to \$7,500 depending on battery capacity. The new law also restores and updates the electric vehicle credit for plug-in electric vehicles that would not otherwise qualify for the larger plug-in electric drive vehicle credit and provides a tax credit for plug-in electric drive conversion kits.

**More funding for bonds.** The new law authorizes additional funds for new clean renewable energy bonds and qualified energy conservation bonds.

We hope you find this information helpful. If you would like more details about this or any other aspect of the new law, please feel free to contact us at 212-303-1800 or e-mail us at [info@rssmcpa.com](mailto:info@rssmcpa.com). Please visit our website at [www.rssmcpa.com](http://www.rssmcpa.com).

Sincerely,

*Rosen Seymour Shapss Martin & Company LLP*

Alan M. Willinger, CPA, JD - Tax Partner  
Isidor Hefter, CPA - Tax Partner  
Steven J. Eller, CPA, JD - Tax Partner  
Hilton L. Sokol, CPA, JD, LLM - Tax Partner

**RSSM ANNOUNCES THE ADDITION OF  
MILLER, ELLIN & COMPANY, LLP**

**Rosen Seymour Shapss Martin & Company LLP and Miller, Ellin & Company, LLP are pleased to announce the joining of their practices effective January 1, 2009. The firm will operate under the name Rosen Seymour Shapss Martin & Company LLP. The merger adds almost 40 additional personnel including 5 partners and 2 principals.**

*New Partners*

Michael Bernstein, CPA  
Bernard P. Lewites, CPA

*New Principals*

Mark C. Peltz, LLM  
Keith B. Stone, CPA

David W. Ostrow, CPA  
Mitchell J. Rubin, CPA  
Hilton L. Sokol, CPA, LLM

[Forward email](#)

✉ **SafeUnsubscribe®**

This email was sent to amorris@rssmcpa.com by [amorris@rssmcpa.com](mailto:amorris@rssmcpa.com).  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Rosen Seymour Shapss Martin & Company LLP | 757 Third Avenue | New York | NY | 10017