

## FAQ - U.S. Small Wind Tax Credit

Qualified small wind turbines eligible for 30% tax credit, homeowners and businesses benefit from American Recovery and Re-investment Act (2009 Stimulus Package)

### Background

On February 17, 2009 President Obama signed the American Recovery and Re-investment Act of 2009 into law. With a significant emphasis on renewable energy technology deployment and job expansion, the bill improved upon the 2008 tax credit, by removing "cost caps." This change allows consumers and small businesses to take a 30% tax credit off the installed cost of a wind turbine. To a consumer or business purchasing a single 2.4KW residential wind turbine, it doubles their credit. Additionally, businesses will also have the option of receiving their credit in the form of a cash grant.

### Q: What does the stimulus package mean to me?

A: The entire cost of a wind system (plus installation) is reduced by 30 percent, provided you have a tax liability over the course of two years. Depending on where you live, you could save even more. States have also implemented rebates for small wind systems which can be used in addition to the Federal credit. Furthermore, in the last two months alone, more than 30 States have introduced legislation that either expands incentives for renewable energy and/or addresses market barriers.

### Q: How does a tax credit work?

A: Typically, a tax credit is money that you can deduct from any money owed to the federal government at tax time (tax liability). The small wind tax credit can be carried over two years after the product is installed. For more information on how to take advantage of the credit, we suggest that you speak to a tax specialist.

### Q: I don't normally owe taxes – how can I claim the credit?

A: You can only claim the credit based on what you would owe in taxes (your tax liability after two years.) If you do not normally receive a refund, you may want to consult with a tax attorney to understand better what opportunities are available to you.

### Q: How do I claim the credit?

A: You will be required to file the long form and itemize your deductions. The IRS form 5695 must be completed and filed with your taxes. The current form does not reflect the changes to the most recent legislation.

### Q: Can someone who already owned a wind turbine claim the tax credit?

A: If you purchased a wind turbine in 2008, you qualify for the federal-level tax credit, passed as part of the October 2008 bailout legislation, up to \$2,400 per wind turbine with a cap of \$4000. If you purchased a wind turbine in 2008, but your dealer did not install it until 2009, ask your dealer to write a letter indicating that the wind turbine was not "commissioned" became operational 2009, you would qualify for the 30 percent tax incentive in your 2009 filing but could not take it off your 2008 taxes. [Download Tax Form 5695](#)

### Q: What if I want to purchase and install more than one wind turbine?

A: The stimulus package allows for a 30 percent tax credit on the total cost of multiple units. There is no cap on the 30 percent tax credit. Businesses may qualify for a grant from the treasury in lieu of a tax credit.

### Q: I heard I can get cash back rather than a tax credit – how does that work?

A: Businesses can apply for a grant from the US treasury and rather than a tax credit, receive a cash grant. The details are still being worked out but should be in place by April or May. Keep in touch with your dealer or the manufacturer for more information.

### Q: Does this work for all small wind systems, like Talon and PowerMax+?

A: Yes. The incentive is available to all users of small wind systems.