

Tax Credits for Alternative Energy

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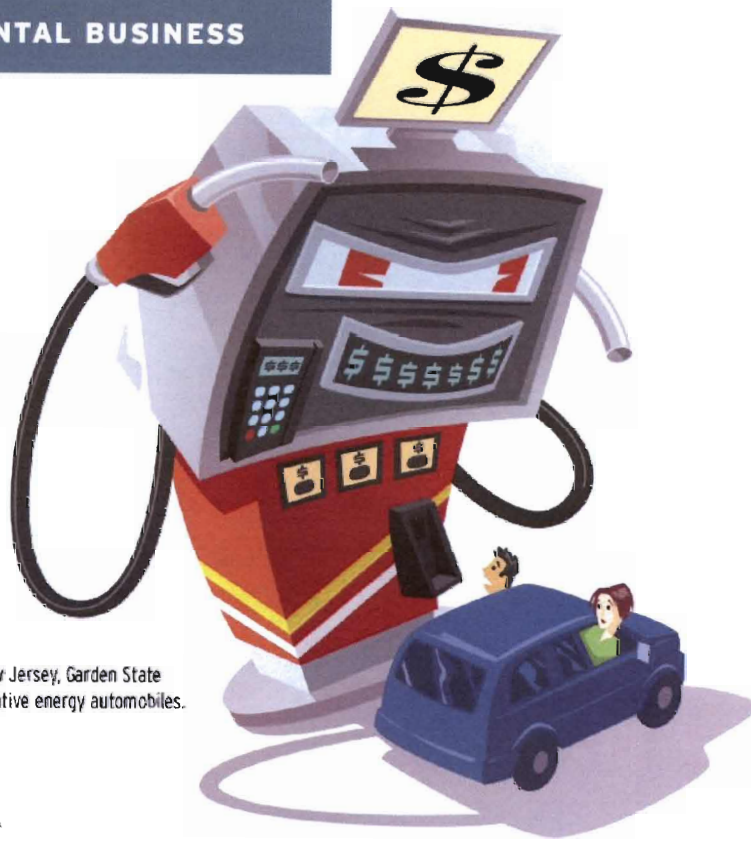
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ALONG WITH THE REST OF THE country, New Jersey consumers are looking to alternative energy choices to help the environment and offset the high cost of oil and, thus, gasoline fuel. With gasoline prices at approximately \$3.45 a gallon in New Jersey, Garden state residents are beginning to turn to alternative sources of energy.

To assist in this endeavor, the federal government has embarked on a program to provide incentives to taxpayers who seek out alternative energy sources. For example, an individual taxpayer is entitled to a residential energy efficient property credit for installing alternative energy equipment such as solar electricity equipment. The credit is 30 percent of the cost of installation. With the average cost of installation at about \$48,000 in New Jersey, the tax credit may total as much as \$14,400 for a qualifying property.

In addition to the qualifying tax credit, solar powered energy actually creates energy that feeds into the energy grid, which is another benefit to the consumer. Unfortunately, New Jersey ended its solar rebate program due to the ever-mounting financial pressures facing the state.

The use of alternative energy automobiles began a few years ago with the introduction of the hybrid vehicle (vehicles powered in part by gasoline and in part by electricity). The credits range anywhere from \$650 to \$3,000 depending on the year, make and model of the



qualifying vehicle. Taxpayers can visit the IRS Web site for additional information on the specific tax advantages based on the type of vehicle.

The federal government is encouraging the use of electricity to provide energy by powering up the Qualified Plug-In Electric Vehicles (QPIEV) incentive for the benefit of taxpayers as well. The IRS created two different incentive programs for taxpayers who purchase plug-in electric vehicles using batteries that meet specific standards. A credit of up to 10 percent with a maximum of \$2,500 is available to those who buy low-speed vehicles with a 4-kilowatt-hour battery in it. These vehicles must be purchased prior to Jan. 1, 2012.

Chevrolet and Nissan are both introducing new electric-powered automobiles in the coming months. The Chevy Volt will be out first, followed by the Nissan Leaf. Both are eligible for a \$7,500 federal tax credit under the QPIEV tax incentive, thus reducing what may be considered a high cost—projected retail prices of \$41,000 and \$33,000, respectively—down to under \$34,000 and \$25,500 after taking advantage of the program. Ford and Toyota are not far behind. They will be introducing their first fully electric vehicles in the near future, with Ford's Focus and Toyota's RAV4 SUV.

The use of alternative energy sources is on the rise and towns across New Jersey are recognizing it. The town of Montclair, for example, will be the first in the state to install car charging stations. ■

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