



Tax benefits to going green

By Jacob Ansel

THERE ARE NUMEROUS TAX BENEFITS

to going green these days. Although the crippling economy has many Americans watching their budgets closely, you may be surprised to discover the many incentives, credits, and tax breaks available to businesses and individuals in 2010 and beyond that make energy efficient purchases worth considering.

There are many kinds of tax credits on the books now including driving green, solar panels, making an energy efficient workspace, and buying eco-friendly appliances. Still, many homeowners and businesses are hesitant to install solar panels because of the large upfront installation cost. However, there are many strong factors that make it worthwhile to consider solar panels, above and beyond the benefit to the planet. Many banks provide a loan against future tax benefits and will also help finance the deal. Making your home green by installing panels cuts down on consumption and creates efficiencies. The general rule for a federal tax benefit is 30% of the purchase price; however, this figure varies depending on circumstances and the type of device installed. Further sweetening the pot, many states have implemented rebates and credits to assist with the cost of installation.

There are plenty of popular vehicles that qualify for tax credits including Ford and Chevrolet hybrid and electric vehicles. A one-time special tax credit can range from as little as \$600 to as much as \$3,400. Currently, only three

Going green at home and in the workplace can help keep the green in your wallet. As the market for eco-friendly products and services explodes make sure you're doing everything you can to reap the dollar benefits.

car manufacturers have been approved for the tax credit – BMW, Nissan, and Mercedes-Benz. The tax credit is claimed on a personal return that covers the year the vehicle was purchased. There's a greater tax credit if an electric car is purchased as opposed to a hybrid vehicle. The current tax credit maxes out at \$7,500.

Green workspaces are responsible and create a healthier environment for workers but making a workspace green is something most folks don't think about because of the costs involved. They should though because there are plenty of tax credits and deductions available and the cost of going green may be completely offset by the credits available. There are plenty of easy ways to be green in the workforce that don't cost an arm and a leg, like reducing the amount of paper used. Instead of printing on paper, PDF a file and store it digitally. It doesn't directly create a tax benefit, but you will have lower paper costs thereby reducing overhead.

There were quite a few energy efficient tax credits available for 2009 tax filers that haven't expired yet; you can

still buy a new washer, dryer, fridge, or other energy efficient appliance and get a special tax credit. The credit also extends to energy efficient windows and doors. Check out this website which supplies the complete list of qualifying items. www.energystar.gov. The credit max is \$1,500 or 30% of the total cost. So if you buy a \$1,000 washer, the IRS will shoot you back a check for \$300. Not bad. The credit expired on December 31, so make sure you take this credit on your 2010 tax return.

The IRS allows charitable donations in the form of merchandise, goods, or services to be tax deductible on a 2010 return. This includes green product donations, services rendered to help a charitable organization go green, or even a contractor who donates services for the cause. The IRS generally allows a deduction for the fair market value of the property or services donated. If you're interested in helping a charity go green, you can reap the reward of this commonly ignored tax deduction. Several bills are in Congress to extend these highly popular credits which have only been available for a few years. If you want to encourage more energy savings, contact your representatives and tell them to support these tax incentives.

Going green is no longer just a trend; it's the new normal. More and more people are deciding whether to use a company and its services based on their environmental views. While many corporations have been resistant to pony up the monetary investment needed to change the way they do business in an eco-friendly world, those that do will be lining their pockets with green. □

Jacob Ansel, CPA, is a partner at Vision Financial Group CPAs, LLP, an accounting, tax, and consulting firm. A frequent seminar speaker, Ansel has created analytical systems for businesses.