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## CLEANTECH / GREEN GENERAL BUSINESS TAX CREDITS (GBCs)

**Overview:** General business credits (GBCs) can reduce a taxpayer's tax liability dollar for dollar and, unless specifically disallowed, carry back one tax year and can carry forward twenty tax years. GBCs can be claimed on most types of tax returns. Below are the highlights of available Federal green general business tax credits. Georgia also has many green incentives that are available, and HA&W has expertise at identifying and attaining green credits for companies in the cleantech industry.

### Investment Tax Credit

- **Energy Credit**
  - 30% of expenses for qualified fuel cell property, solar energy property, solar illumination property and small wind energy property. 10% of all other energy property, including microturbine property.
  - Allowed against AMT
- **Qualified Advanced Coal Projects Credit**
  - 20% of qualified investment in specified integrated gasification combined cycle projects for the taxable year
  - 15% of qualified investment in specified projects using other advanced coal-based generation technologies
  - 30% of qualified investment in advanced coal-based generation technology projects
- **Qualifying Advanced Energy Project Credit**
  - 30% of qualified investment with respect to any qualifying advanced energy manufacturing projects
- **Qualification Gasification Project Credit**
  - 20% of qualified investment projects that include equipment which separates and sequesters at least 75% of the project's total carbon dioxide emissions.
  - Cannot combine with Coal Project Credits

### Clean Renewable Energy Bonds Credit

- Credit to holders of qualified bonds for 70% of interests payments for which 100% of projects proceeds are used for qualified renewable energy facilities



#### **Alcohol Fuels Credit**

- 60 cents/gallon credit for alcohol used by taxpayer in production of qualified mixture of alcohol and gasoline or of alcohol and special fuel sold by taxpayer to persons to use as fuel or used as a fuel by taxpayer producing such mixture OR
- 60 cents/gallon for said mixture used by taxpayer in a trade or business or sold at retail in trade or business OR
- Small ethanol producers get 10 cents/gallon of qualified ethanol fuel production sold to others for use in production, in production of mixture, or at retail OR
- Cellulosic biofuel producer credit for \$1.01/gallon reduced by other alcohol credit amounts per gallon and subject to same uses
- Casual off-farm production does not qualify

#### **Credit for Increasing Research Activities (R&D Credit) – also GA R&D Credit**

- Average credit of 6% of expenses for making or improving new product or process
- For companies hiring eligible small businesses, universities or Federal labs for energy research, can count 100% of expenses (instead of 65%) towards calculation of credit

#### **Renewable Electricity Production Credit**

- 1.5 cents times the kilowatt hours of electricity produced by a taxpayer from qualified energy resources (wind, biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production and marine and hydrokinetic renewal energy) at a qualified facility and sold by the taxpayer to unrelated party during the taxable year
- Subject to phase-out and other credit/grant “double dipping”

#### **Biodiesel Fuel Credit**

- Similar to Alcohol Fuels Credit
- Biodiesel mixture credit - \$1/gallon for biodiesel used by taxpayer in production of biodiesel fuel mix without regard to kerosene and sold by taxpayer to persons to use as fuel, to use as fuel by taxpayer producing the fuel, or for sale or use in trade of business.
- Casual off-farm production does not qualify
- Expires after 2009 tax year

#### **Credit for Production of Low Sulfur Diesel Fuel**

- 5 cents/gallon for low sulfur diesel fuel produced by small business refiners
- Subject to maximum credit
- Expires after 2009 tax year



#### **Credit for Producing Fuel from a Nonconventional Source**

- \$3 credit/barrel-of-oil equivalent of qualified fuels
- Qualified fuels are oil produced from shale and tar sands; gas produced from geopressed brine, Devonian shale, coal seams, or a tight formation or biomass and liquid, gaseous or solid synthetic fuels produced from coal, including such fuels when used as feedstocks.
- Subject to phase-out
- No “double dipping” with other related credits and grants

#### **The New Energy Efficient Home Credit**

- \$1,000-\$2,000 credit
- Constructed by and acquired by eligible contractor for use as residence (manufactured homes count as well)
- Heating and cooling 50% below annual level
- Expires after 2009 tax year

#### **Energy Efficient Appliance Credit**

- Manufacture of certain dishwashers (\$45-\$75), clothes washers (\$75-\$250), refrigerators (\$50-\$200) that meet specific environmental standards in taxable year
- Cannot exceed \$75,000,000

#### **Agricultural Chemicals Security Credit**

- Tax credit for qualified agricultural chemicals security costs paid or incurred by eligible agricultural businesses. All the costs must be paid or incurred to protect specified agricultural chemicals.
- \$100,000 facility limit and \$2 million annual giving limit

#### **Carbon Dioxide Sequestration Credit**

- \$20 per metric ton for qualified carbon dioxide captured at a qualified facility and disposed of in secure storage and not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project
- \$10 per metric ton for qualified carbon dioxide captured at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and disposed of in secure geological storage

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