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Federal Residential Renewable Energy Tax Credit

The federal tax credit for residential energy property was established and modified by *The Energy Policy Act of 2005*, *The Energy Improvement and Extension Act of 2008*, and *The American Recovery and Reinvestment Act of 2009*.

According to these laws, a taxpayer may claim a tax credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned and used as a residence by the taxpayer. Expenditures include labor costs for on-site preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. The tax credit has no maximum amount for all eligible technologies, including solar photovoltaic systems.

If the federal tax credit exceeds personal tax liability, the excess amount may be carried forward to the succeeding taxable year. The excess credit may be carried forward until 2016, but it is unclear whether the unused tax credit can be carried forward after then.

The maximum allowable credit, equipment requirements and other details vary by technology, as outlined below.

Solar-Electric Property

- There is no maximum credit for systems placed in service after 2008
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016
- The home served by the system does *not* have to be the taxpayer's principal residence

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