

Solar Wind and Energy Credit (Renewable Energy Source Property)

Massachusetts allows an energy credit for expenditures incurred for certain renewable source items to any owner or tenant of residential property located in the Commonwealth who is not a dependent of another taxpayer and who occupies the property as his or her principal residence.

Note: This credit is only for the installation of a solar/wind system. This credit is not the same as the current Federal credit for energy efficiency items.

The amount of credit allowed equals the lesser of:

- 15% of the net expenditure for a renewable energy source property; or
- \$1,000.

Renewable energy source items include equipment which uses or transmits solar or wind energy to heat, cool, or provide hot water for a principal residence in Massachusetts.

Expenditures for which a credit may not be claimed:

- air and water heat pumps;
- caulking or weather stripping;
- costs of energy conservation;
- insulation;
- storm or thermal windows or doors; and
- wood burning stoves and furnaces.

In order to qualify for the credit:

- the owner completes Massachusetts Schedule EC and retains it for his or her records.

Carryover of the Credit:

If the credit exceeds the tax due, the excess credit may be carried forward for up to three succeeding tax years.

Part-year residents qualify for this credit only if the property is located in Massachusetts and is used as a principal residence.

Nonresidents do not qualify for this credit since the property must be an owner occupied principal residence located in Massachusetts. However, former Massachusetts residents who are required to file Massachusetts nonresident returns may claim their unused prior year credit carryovers.