

EPA – Federal Renewable Electricity Production Tax Credit

<http://www.epa.gov/agstar/tools/funding/incentive/USfederalrenewableelectricityproductio.html>

Description

The federal Renewable Electricity Production Tax Credit (PTC) is a per kilowatt-hour tax credit for electricity generated by qualified energy resources and sold by the taxpayer to an unrelated person during the taxable year. One of those qualifying sources is open loop biomass, which the U.S. Internal Revenue Services defines as including any agricultural livestock manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure. Open loop biomass projects can receive a 1.1 cent per kilowatt-hour production tax credit.

A qualified facility is one that was originally placed in service after October 22, 2004, and before December 31, 2013, and has a nameplate capacity rating which is not less than 150 kilowatts. A taxpayer may generally claim a credit during the 10-year period commencing with the date the qualified facility is placed in service. The tax credit is reduced for projects that receive other federal tax credits, grants, tax-exempt financing, or subsidized energy financing.

How to Apply

The tax credit is summarized in Section 45 of the Internal Revenue Code. A business can take the credit by completing Form 8835, "Renewable Electricity Production Credit," and Form 3800, "General Business Credit."

For more information

http://www.irs.gov/irb/2006-42_IRB/ar07.html