

Frequently Asked Questions about the Tax Credit

Q: What is a federal consumer tax credit?

A: Consumers claim the credit on their federal income tax form at the end of the year. The credit then increases the tax refund or decreases the amount the taxpayer has to pay.

Note: With regard to tax credits vs. tax deductions, in general, a tax credit is more valuable than a similar tax deduction. A tax credit reduces the tax you pay, dollar-for-dollar. Tax deductions - such as those for home mortgages and charitable giving - lower your taxable income.

Q: When does this tax credit go into effect and how long will it last?

A: The tax credit goes into effect January 1, 2009 and is valid for the purchase of a qualifying biomass-burning stove in 2009 and 2010. The sales receipt must indicate that the purchase was made between January 1, 2009 and December 31, 2010.

Q: Who is determining the tax credit guidelines for the qualifying units?

A: The Department of the Treasury, and specifically, the IRS.

Q: How will a consumer know if a product qualifies for the credit?

A: We will certify each product that meets or exceeds the IRS efficiency requirements. At the time of purchase, the consumer will be able to download a "certification statement" from our web site that certifies that the product qualifies for the tax credit. Consumers should keep the certification statement for their records, but are not required to submit a copy of the certification statement when submitting their tax return to the IRS.

Q: What should a consumer who already purchased a stove do while waiting for qualifying information?

A: He or she should save all receipts along with the stove manufacturer's name and model information.

Q: How does the language in this legislation differ from what was passed in October 2008?

A: The new legislation 1) increases the tax credit from \$300 to 30% of the total cost of a biomass-burning stove, 2) extends the credit to purchases in 2010, and 3) measures the stove's efficiency based on the lower heating value.