

# Questions Asked Live During HPBA Webinar: Selling the Biomass Heater Tax Credit

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**Q1: If you buy a woodstove as a gift for someone who lives in a different house, who gets to claim the tax credit? The stove gifter or the new stove owner?**

A1: A person in this situation needs to talk to their tax professional. It depends on their own individual situation. It is possible that neither can claim the credit, but it is certain that the credit should not be claimable by *both* parties. The circumstances really depend on the individual situation. A tax professional must be counseled.

**Q2: Would this credit cover any cost on demo/removal of old unit to upgrade to the new unit?**

A2: It depends. Individual circumstances vary. If it's part of the installation process, preparation and installation, it might. But they need to make sure they're following the related IRS guidance. Consult a tax professional.

**Q3: How many years can you carryover the extra credit on your tax return?**

A3: It depends on an individual's circumstance. Check with a tax professional because individual circumstances can vary.

The IRS says: If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

**Q4: In what order should other tax credits being claimed be calculated? For example, should I calculate the biomass heater tax credit first and then calculate the solar credit for my new solar panels?**

A4: The answer to this depends on your individual circumstances. Consult a tax professional. Since there is no lifetime limit on the 25(D) tax credit, the order in which the credits are claimed may not be as important as in years past.

**Q5: Is there a limit on the number of units claimed in one house?**

A5: The answer may depend on an individual's tax circumstances and a tax professional should be consulted. The language of the credit does not identify any limit on the number of products installed in one residence that can qualify for the credit and there likely is no such a limit (the credit can be claimed for any qualifying product). Your tax advisor may have additional information about limitations based on a person's tax situation.

**Q6: Is there a limit to how much the tax credit can cover?**

A6: No, there is no cap or limit. In 2021-2022, you can claim 26% of purchase and installation costs for a qualifying product. In 2023, you can claim 22% of purchase and installation costs for a qualifying product.

**Q7: We've noticed that many wood stoves are not listed on the EPA Database website. Why is this? Is there another website we can utilize?**

A7: Any wood or pellet heater that is regulated by the U.S. EPA must be certified and would be on the EPA database list. It is possible that if you are looking for a certain product but aren't finding it on the list that it is listed under a different name than what you are using in your search. It is also possible that a product is newly EPA-certified and the EPA has not yet updated the list. Check with the appliance manufacturer if you are having trouble locating it on the list.

**Q8: Can you include the optional blower on a wood stove as part of the total invoice?**

A8: Most likely not if it is optional. Check with a tax professional as individual situations may vary.

**Q9: Will the cost of the appliance and installation need to be itemized in order to fill out the form?**

A9: A taxpayer does not need to include a copy of their purchase receipt in order to claim the tax credit. Thus, it is not "necessary" to itemize the receipt, but it is a good idea to do so in case the customer undergoes an audit and needs to show which part of the cost was for the appliance and which parts of the cost were for labor or other materials needed to complete installation.

**Q10: Will additional work required to bring the ventilating system up to code, for example: installing a Wood Burning Insert in a Masonry Fireplace in which the flue has glazed creosote, will this work be coverable by the tax credit?**

A10: It may depend on the individual's situation, so consult a tax professional. It might be considered necessary work to complete a safe installation. But, always consult a tax professional in the absence of definitive IRS guidance.

**Q11: We have a customer installing 2 stoves that qualify for the tax credit. He wants to install an all-masonry chimney with a flex liner instead of using hard pipe. Can he claim the tax credit on the cost of the masonry chimney?**

A11: Most likely. The credit covers the installation costs, including venting. Could masonry chimney be considered venting? Yes. Always check with a tax professional on situations like this as the answer can vary in each case.

**Q12: Would any repairs to the chimney crown associated with making sure the chimney liners top plate is properly sealed qualify for the credit?**

A12: It may depend on the individual's situation, so consult a tax professional. It might be considered necessary work to complete a safe installation. But always consult a tax professional in the absence of definitive IRS guidance.

**Additional information can be found on HPBA's website at:**

**<https://www.hpba.org/Advocacy/Biomass-Stove-Tax-Credit>**