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## Our Planet — Tax Credits for Solar Panels Installation

With the increased media attention on climate change and environmental problems, the governments of many countries are attempting to encourage citizens to upgrade their homes to make them more energy efficient and to reduce the amount of greenhouse gas emissions. Such measures could have considerable impact, especially in France where many older homes have old, antiquated and inefficient heating systems and little or no insulation. However, retrofitting a home with more energy-efficient heat sources and upgrading or installing insulation and double-paned windows can be a costly investment for any homeowner. The French government offers substantial tax benefits to help offset the costs involved, but, as is often the case with French bureaucratic procedures, there are complicated and sometimes confusing restrictions. However, that should not dissuade homeowners from making improvements that will not only save them money in the long run and make their homes more comfortable, but help to reduce the use of energy and the emission of greenhouse gases.

In general, the tax credits are applicable for the installation of the following items **in any type of housing**, new or old. The percentage of the purchase price applicable for a tax credit is 50%:

- solar hot water panels;
- solar photovoltaic panels;
- windmills;
- heat pumps;
- wood burning boilers;
- wood stoves and fireplace inserts;
- heating systems that burn biomass fuels.

For housing that is more than two years old, the following items qualify for a 25% reduction:

- heating systems with a condensation boiler
- energy saving regulation systems (programmable thermostats, etc.)
- installation of insulation, double-paned window, storm windows, insulated shutters

### Only for primary residences

The tax credits are only applicable for primary residences, and not for a second home.

To qualify for a tax rebate, the equipment installed must be ordered from a licensed professional and installed by a professional. The credits only apply to the purchase price of the equipment and not to the installation charges. In other words, you won't be eligible for a tax credit if you install these items yourself.

There is also a ceiling for the total amount of the tax credit, which has been increased considerably to provide more of an incentive, of 8,000 euros for a single person and 16,000 euros for a married couple, with increases of 400 euros for one dependant, 500 for the second child and 600 each for successive children. The percentages of the tax credits for certain

items are also increased from 25% to 40% if the installation is done before December 31<sup>st</sup> of the second year after the purchase of a home that was built before January 1<sup>st</sup>, 1977.

The increase in the ceilings listed above are in effect between January 1<sup>st</sup>, 2006 and December 31<sup>st</sup>, 2009.

To be sure you are eligible for a tax write off, it is highly recommended that you work with a reputable and reliable professional in your area. Not only are they part and parcel of the deal, but they can provide valuable help in making sure your application for a tax credit will be approved.

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