What is it?
Included in federal legislation and signed into law in December of 2020, an up to 26% tax credit is available to consumers who purchase qualifying wood and pellet heating appliances now through December 31, 2023.

Which appliances qualify?
Wood and pellet burning appliances that achieve 75% or greater efficiency based on the higher heating value (HHV). Over 100 appliances qualify for the tax credit and a full list can be downloaded at pelletheat.org.

What does the tax credit cover?
The tax credit applies to both the purchase of a qualifying appliance and the cost of its installation. For instance, a consumer purchasing a $3,500 pellet-burning appliance with a $1,000 installation cost would receive a tax-credit of $1,170 ($3,500 + $1,000 x 26%).

What paperwork will I need in to claim my tax credit?
Keep the sales receipt as well as the manufacturer’s certificate that clearly identifies the appliances 75% or greater higher heating value (HHV).

What is a manufacturer’s certificate?
Appliance manufacturers are required to provide a certificate clearly identifying their models that are eligible for the tax credit. Be sure to confirm that you have this certificate after your purchase has been made as it will be required as supporting documentation when you claim your credit on your taxes. An example of a manufacturer’s certificate is available at pelletheat.org.

How and when do I claim my tax credit?
You will claim your tax credit whenever you complete your federal tax return for the year in which you made your qualifying appliance purchase.

Filing via tax software:
Look for the credits section of your tax software. Within the credits section look for homeownership and residential energy credit.

Filing with paper forms:
This tax credit will require the filing of IRS form 5695 (Residential Energy Efficient Property Credit) with your federal return. The form has not yet been updated for the 2021 tax season. Watch pelletheat.org for updates on the required forms.

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