Montana Department of REVENUE

MONTANA
ENRG-A
Rev 04 13

2013 Geothermal System Credit

15-32-115, MCA

Name (as it appears on your Montana tax return)

Social Security Number ___ - __ - ____ **OR** Federal Employer Identification Number __ - _____

Qualified contractors use columns A - C; qualified homeowners use column C only

	A	B	C
1. Enter the physical address of the home where the geothermal system was installed.....1.			
2. Enter the date the installation of your geothermal system was completed.....2.			
3. Enter the brand name and model number of the geothermal system that you installed.....3.			

If filing for a business and more than three systems were installed, include additional schedules.

Complete lines 4 through 7 only for the year that you installed your geothermal system(s) in a primary dwelling.

4. Enter the installation cost of the geothermal system.....4.			
5. Enter the amount of any grants that you received for the installation of the geothermal system.....5.			
6. Subtract line 5 from line 4 and enter the result here.....6.			
7. Enter the smaller of line 6 or $1,500 here.....7.			

8. Add the amounts on line 7 of each column including any amounts on additional schedules. Enter the amount here. **This is your current year geothermal system credit.**.....8. _____

Where to Report Your Credit

- ►Individuals: Form 2, Schedule V
- ►C corporations: Form CLT-4, Schedule C

Carryforward of Geothermal System Credit from a Prior Year

Complete lines 9 through 11 only if you are a resident individual taxpayer and you are carrying forward your unused geothermal system credit from a prior year. If you are filing as a C corporation, include the carryforward on Form CLT-4, Schedule C.

9. Enter the amount of your geothermal system credit originally allowed. This cannot be greater than $1,500.....9. _____
10. Enter the amount of your geothermal system credit or credits previously claimed.....10. _____
11. Subtract line 10 from line 9 and enter the result here and on Form 2, Schedule V. **This is your unused geothermal system credit.**.....11. _____

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.

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Form ENRG-A Instructions

What is a geothermal system?

A geothermal system is a system that transfers energy either from the ground, by way of a closed loop, or from ground water, by way of an open loop, for the purpose of heating or cooling a residential building.

What installation costs are allowed when claiming the credit?

Your allowed installation costs include:

- Trenching, well drilling, casing and downhole heat exchangers
- Piping, control devices and pumps that move heat from the earth to heat or cool the building
- Ground source or ground coupled heat pumps
- Liquid-to-air heat exchanger, ductwork and fans installed with a ground heat well that pump heat from a well into a building
- Design and labor

Who qualifies for the geothermal system credit?

The geothermal system credit is available to Montana residents who complete the installation of a geothermal system in their principal dwelling.

The credit is also available to contractors that install a geothermal system in a new residence they're building for sale.

Only builders that are individuals or C corporations can claim the credit. This credit is not available to builders that are partnerships or S corporations.

Only one credit is allowed for a residence so the builder and purchaser of a new residence with a qualifying geothermal system cannot both claim the credit.

I am an individual who purchased a newly constructed home with a geothermal system installed by the builder. Am I entitled to the credit?

No. Because you did not install and pay for the system, you are not entitled to the credit. The builder may be entitled to the credit.

I am a contractor or builder and have been hired to construct a residence. The plans include installing a geothermal system. Am I entitled to the credit?

No. The individual for whom you are installing the system may, however, be entitled to the credit.

I am an individual purchasing a "spec house" that is still under construction. The current plans do not include a geothermal system. If I have the plans changed to include a system, can I claim the credit?

Yes. As long as you pay for the additional costs associated with installing the geothermal system, you are entitled to the credit.

I am unable to claim the full amount of my geothermal credit because my income tax liability is less than $1,500. Can I carry my unused credit forward?

Yes. This credit is considered a nonrefundable carryover credit that you can carry forward for seven succeeding tax years. If you are an individual, complete lines 9, 10 and 11 to determine the unused amount of your geothermal credit that can be carried forward from a prior year. If you are filing as a C corporation, include the carryforward on Form CLT-4, Schedule C. You also need to include a detailed schedule of your separate entity geothermal system credit carryforward, if applicable. Your total credit reported in the year of installation and in subsequent years cannot exceed the maximum credit of $1,500.

My spouse and I jointly own our home. Can we both claim the geothermal system credit?

Yes, you can, but the credit is limited to $1,500 for the installation of a geothermal system in your principal home. You may allocate the credit between you and your spouse in any manner you choose.

I made repairs to my geothermal system this year. Am I entitled to claim this credit for the cost of my repairs?

No. Repairs to your existing geothermal system are not installation costs that entitle you to a geothermal system credit.

Please visit our website at *revenue.mt.gov* for additional information regarding energy-related tax relief options. The website includes information such as answers to frequently asked questions and links to other related sites.

Administrative Rules of Montana: 42.4.104 and 42.4.121

Questions? Call us toll free (866) 859-2254 (in Helena, 444-6900).