



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

February 01, 2011

Number: **2011-0001**
Release Date: 3/25/2011

CC:PSI:B06
CONEX-101178-11

UIL: 25C.00-00

The Honorable Jon Kyl
United States Senator
2200 East Camelback Road, Suite 120
Phoenix, AZ 85016

Attention:

Dear Senator Kyl:

I am responding to your inquiry dated January 4, 2011, on behalf of your constituent, . asked if her business can claim an energy tax credit for metal roofs she and her husband had installed on cabins they use in their cabin rental business.

In 2009 and 2010, the law allowed taxpayers to take a tax credit for 30 percent of the cost of qualified energy efficient building envelope components, which include certain metal roofs (section 25C of the Internal Revenue Code (the Code)).

To qualify for the credit, a metal roof must:

- (1) Have appropriate pigmented coatings which are specifically and primarily designed to reduce the heat gain of the home on which the taxpayer installs the roof, and
- (2) Meet the Energy Star program requirements.

Additionally, the taxpayer must have installed the roof on a home in the United States that the taxpayer owns and uses as his or her principal residence. The law, however, allows a taxpayer to take this tax credit, or a portion of it, if the taxpayer uses the property partly as a residence and partly for business use. Under that rule, if more than 20 percent of the use of the property is for business purposes, a taxpayer should only claim the portion of the cost for the item that the taxpayer uses for nonbusiness purposes. Allowing small businesses to qualify for the credit for metal roofs would require legislative action by the Congress. Additionally, no other laws providing tax credits to businesses include a credit for metal roofs.

I am sorry this answer is disappointing for _____, but I hope this information is helpful in understanding how the law applies to her business. If you have any questions about this matter, please contact _____ at _____ or me at _____ for further assistance.

Sincerely,

Curt G. Wilson
Associate Chief Counsel
(Passthroughs & Special Industries)