

A Guide to Federal Tax Credits for Energy Efficiency

As amended by The American
Recovery and Reinvestment Act of
2009



As with all issues relating to federal law, taxes or IRS guidance, we strongly suggest you contact your personal tax or legal professional. This information is intended to give you an overview of the opportunity that exists for Homeowners to access tax credits when conducting certain home improvement projects. It should not be considered or used as factual legal or tax advice.

All the information included in this presentation was acquired from the following sources of information which we encourage you to review.

www.energystar.gov

www.irs.gov

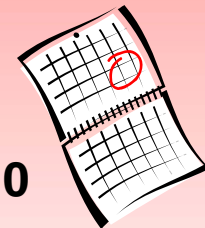
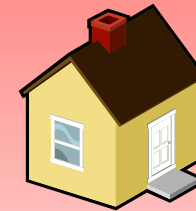
www.nfrc.org

What is the Energy Tax Credit?

- Tax incentive designed to promote energy efficient upgrades to existing homes.
- Rewards the selection of the most energy efficient products common in home remodeling and replacement projects.
- Reimburses consumers a % of their investment through a direct tax credit.

Qualifications for Tax Credit

- **You must be a U.S. taxpayer**
and
- **An Owner of a principal residence**
and
- **You must have made energy-efficient improvements to that existing residence**
and
- **Those improvements placed in service between January 1, 2009 through December 31, 2010**
and
- **The products selected met the performance specifications outlined in the tax credit**



2009

2010



Qualifying Product Categories



Windows & Doors

Roofing

Insulation

HVAC

Water Heaters

Biomass Stoves

Geothermal Heat Pump

Solar Energy Systems

Small Wind Energy Systems

Fuel Cells

Cars



Window & Door Product Requirements

Product Type

- Exterior Windows & Skylights
- Storm Windows
- Exterior Doors
- Storm Doors

Tax Credit Specification

- January 1, 2009 – May 31st 2009
 - EnergyStar compliant product
- June 1, 2009 – December 31, 2010
 - ≤ 0.30 U factor and ≤ 0.30 SHGC
- Meets IECC in combination with window over which it is installed
- U factor ≤ 0.30 , SHGC ≤ 0.30
- In combination with a wood door assigned a default U factor by the IECC



Frequently Asked Questions

<p>How much of a tax credit can I receive for making energy-efficient improvements?</p>	<p>Tax credits are available at 30% of the cost of material only, up to \$1,500, in 2009 & 2010 (for existing homes):</p> <ul style="list-style-type: none">Windows and DoorsInsulationRoofs (Metal and Asphalt)HVACWater Heaters (non-solar)Biomass Stoves
<p>Are there exceptions to the \$1500 limit over 2 years?</p>	<p>Tax credits are available at 30% of the cost, with no upper limit through 2016 (for existing homes & new construction) for:</p> <ul style="list-style-type: none">Geothermal Heat PumpsSolar PanelsSolar Water HeatersSmall Wind Energy SystemsFuel Cells
<p>Can you receive the \$1500 credit in both 2009 and 2010 tax years?</p>	<p>No. Your maximum credit is \$1500 for both years combined.</p>



Frequently Asked Questions

<p>Do installation costs qualify?</p>	<p>Not for the following improvements <u>Windows and Doors</u> <u>Insulation</u> <u>Roofs (Metal and Asphalt)</u> <u>HVAC</u> <u>Water Heaters (non-solar)</u> <u>Biomass Stoves</u></p>
<p>What if products were “Placed in Service” between 1/1/09 and 2/17/09?</p>	<p>They qualify for the tax credit as long as they meet the new specifications.</p>
<p>Do vacation or rental homes qualify for the tax credits?</p>	<p>No.</p>
<p>What materials do I need to retain for tax purposes?</p>	<p>Invoices, Manufacturer’s certification statements, and NFRC or Energystar labels.</p>



Frequently Asked Questions?

Is there an IRS form required to claim the tax credit?	Yes. Form 5695 should be used, but has not been updated for 2009 tax year.
Do products used in renovations or additions qualify for the tax credit?	Yes, as long as products meet specified performance requirements.
Do all energystar rated products qualify for the tax credit?	Not necessarily. Each product must meet the performance criteria specified by the tax credit.
Does insulated siding qualify for the tax credit?	No, only products whose <u>primary</u> purpose is insulation qualify.



Frequently Asked Questions

<p>How do I know if a window product qualifies?</p>	<p>Refer to the manufacturer's certification statement or the NFRC label on the window.</p>
<p>How do I know if a storm window qualifies?</p>	<p>Refer to the manufacturer's certification for specific primary windows and geographical requirements.</p>
<p>What is the difference between a tax deduction and a tax credit?</p>	<p>A tax deduction reduces the amount of income subject to tax. A tax credit reduces the actual amount of tax you must pay.</p>



Qualifying Window Products

 National Fenestration Rating Council® CERTIFIED	World's Best Window Co. Millennium 2000+ Vinyl-Clad Wood Frame Double Glazing • Argon Fill • Low E Product Type: Vertical Slider
ENERGY PERFORMANCE RATINGS	
U-Factor (U.S./I-P) 0.35	Solar Heat Gain Coefficient 0.32
ADDITIONAL PERFORMANCE RATINGS	
Visible Transmittance 0.51	Air Leakage (U.S./I-P) 0.2
Condensation Resistance 51	—
<small>Manufacturer stipulates that these ratings conform to applicable NFRC procedures for determining whole product performance. NFRC ratings are determined for a fixed set of environmental conditions and a specific product size. NFRC does not recommend any product and does not warrant the suitability of any product for any specific use. Consult manufacturer's literature for other product performance information. www.nfrc.org</small>	

- **NFRC Label**

- Shows U factor and Solar Heat Gain Coefficient (SHGC) on top line
- Proof of compliance with the tax credit specifications
- Should be retained by the homeowner for tax purposes
- U factor measures the insulating value of the window or door (the lower the better)
- The SHGC shows the amount of solar energy that will pass through the window in the form of heat (the lower the number, the less heat will enter the structure)

Manufacturer's Certification Statements

- Will detail manufacturer's qualifying products or refer to an available list.
- Recommended by government to be posted on manufacturer's website.
- Should be requested by homeowner prior to purchase.
- Should be retained by homeowner for tax purposes.

The Tax Credit Process

1. Select from the list of qualifying products.
2. Receive an invoice that shows cost of qualifying material.
3. Retain copies of the manufacturers certification statement and remove NFRC and EnergyStar labels from products.
4. Complete IRS form 5695 if available and amended for 2009 and 2010 tax years
5. Claim the tax credit on your federal tax return.