



## Federal Tax Credits for Energy Efficiency

On October 3, 2008, President Bush signed into law the "Emergency Economic Stabilization Act of 2008" which included an extension of the residential tax credits (which had been in effect in 2006 and 2007) for energy efficient improvements. The previous tax credit expired at the end of 2007. The extension is for improvements made January 1–December 31, 2009. Improvements made in 2008 are not eligible for a tax credit.

### Federal Tax Credits for Energy Efficiency includes:

- ❖ [Tax Credits for Consumers](#)
  - ✓ [Home Improvements](#)
  - ✓ [Cars](#)
  - ✓ [Solar Energy Systems](#)
  - ✓ [Fuel Cells](#)
- ❖ [Tax Credits for Home Builders](#)
- ❖ [Tax Deductions for Commercial Buildings](#)
- ❖ [For More Information](#)

\*\*Please note, not all ENERGY STAR qualified homes and products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels, which typically cost much more than standard products. If, for whatever reason, you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, will pay you back in lower energy bills within a reasonable amount of time, without a tax credit.

### Tax Credits for Consumers:

#### Home Improvements

Home Improvement tax credits are available for home improvements "placed in service" from January 1, 2009 through December 31, 2009. Any qualified home improvements made in 2008, are not eligible for the tax credit.

Tax credits are available for insulation, replacement windows, water heaters, and certain high efficiency heating and cooling equipment. [See chart](#). is \$500 during the three year period of the tax credit (2006, 2007 & 2009).



If you are building a new home, you do not qualify for the tax credits for "eligible building envelope components" (windows, doors, insulation, roofs) or "qualified energy property" (HVAC & non-solar water heaters). However, the tax credit for photovoltaics, solar water heating, and fuel cells is available for homeowners building new homes. [More](#).




The Internal Revenue Service (IRS) guidance for consumers: [IRS Notice 2006-26](#) .

#### Solar Energy Systems

Tax credits are available for qualified solar water heating and photovoltaic systems. **The credits are available for systems "placed in service" from January 1, 2006 through December 31, 2016.** The tax credit is for 30% of the cost of the system, up to \$2,000. This credit is not limited to the \$500 home improvement cap.

**ENERGY POLICY ACT OF 2005 — SUMMARY OF TAX CREDITS FOR HOMEOWNERS**

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Windows & Doors	<a href="#">Exterior Windows and Skylights</a>	ENERGY STAR qualified OR meets IECC <sup>1</sup>	10% of cost, up to \$200 <sup>2</sup> for all windows, skylights and storm windows	<p>All ENERGY STAR labeled windows and skylights qualify for tax credit. Learn more about <a href="#">ENERGY STAR qualified windows and skylights</a>.</p> <ul style="list-style-type: none"> <li>❖ Installation costs are not included.</li> <li>❖ For tax purposes, save your receipt and either the ENERGY STAR label from all your new windows OR the Manufacturer's Certification Statement.</li> <li>❖ Use <a href="#">IRS Form 5695</a> </li> <li>EXIT ↻</li> <li>❖ Must be "placed into service" between Jan. 1–Dec. 31, 2009.</li> </ul>
	Storm Windows	Meets IECC <sup>1</sup> in combination with the exterior window over which it is installed, for the applicable climate zone	10% of cost, up to \$200 <sup>2</sup> for all windows, skylights and storm windows	<p><a href="#">Manufacturer Certification Statement</a><sup>3</sup> will list classes of exterior window (single pane, clear glass, double pane, low-E coating, etc.)<sup>4</sup> that a product may be combined with to be eligible in specific climate zones.</p> <ul style="list-style-type: none"> <li>❖ Installation costs are not included.</li> <li>❖ <a href="#">Manufacturer's Certification Statement</a><sup>3</sup> required.</li> <li>❖ For tax purposes, save your receipt and the Manufacturer's Certification Statement.</li> <li>❖ Use <a href="#">IRS Form 5695</a> </li> <li>EXIT ↻</li> <li>❖ Must be "placed into service" between Jan. 1–Dec. 31, 2009.</li> </ul>
	<a href="#">Exterior Doors</a>	Meets IECC <sup>1</sup>	10% of cost, up to \$500 <sup>2</sup>	<p>ENERGY STAR doors will almost always qualify, except for certain parts of California<sup>4</sup>. Learn more about <a href="#">ENERGY STAR qualified doors</a>.</p> <ul style="list-style-type: none"> <li>❖ Installation costs are not included.</li> <li>❖ <a href="#">Manufacturer's Certification Statement</a><sup>3</sup> required.</li> <li>❖ For tax purposes, save your receipt and the Manufacturer's</li> </ul>

				<p>Certification Statement.</p> <ul style="list-style-type: none"> <li>❖ Use <a href="#">IRS Form 5695</a> </li> <li>EXIT ↕</li> <li>❖ Must be "placed into service" between Jan. 1–Dec. 31, 2009.</li> </ul>
	Storm Doors	In combination with a wood door assigned a default U-factor by the IECC <sup>1</sup> , and does not exceed the default U-factor requirement assigned to such combination by the IECC	10% of cost, up to \$500 <sup>2</sup>	<p>Eligibility will be confirmed by manufacturer and documented in the Manufacturer Certification Statement<sup>3</sup></p> <ul style="list-style-type: none"> <li>❖ Installation costs are not included.</li> <li>❖ <a href="#">Manufacturer's Certification Statement</a><sup>3</sup> required.</li> <li>❖ For tax purposes, save your receipt and the Manufacturer's Certification Statement.</li> <li>❖ Use <a href="#">IRS Form 5695</a> </li> <li>EXIT ↕</li> <li>❖ Must be "placed into service" between Jan. 1–Dec. 31, 2009.</li> </ul>
Insulation	Insulation	Meets 2000 IECC & Amendments	10% of cost, up to \$500 <sup>2</sup>	<ul style="list-style-type: none"> <li>❖ For insulation to qualify, its primary purpose must be to insulate. (example: vapor retarders are covered, siding does not qualify).</li> <li>❖ Must be expected to last 5 years OR have a 2 year warranty</li> <li>❖ Installation costs are not included.</li> <li>❖ <a href="#">Manufacturer's Certification Statement</a><sup>3</sup> required.</li> <li>❖ For tax purposes, save your receipt and the Manufacturer's Certification Statement.</li> <li>❖ Use <a href="#">IRS Form 5695</a> </li> <li>EXIT ↕</li> <li>❖ Must be "placed into service" between Jan. 1–Dec. 31, 2009.</li> </ul>