

## How has the new Stimulus bill affected the tax credits for energy efficient home improvements?

On February 17, 2009, President Obama signed a stimulus bill (The American Recovery and Reinvestment Act of 2009) that made some significant changes to the energy efficiency tax credits. The highlights are:

- The tax credits that were previously effective for 2009, have been extended to 2010 as well.
- The tax credit has been raised from 10% to 30%.
- The tax credits that were for a specific dollar amount have been converted to 30% of the cost.
- The maximum credit has been raised from \$500 to \$1500 for the two years (2009–2010).
- The \$200 cap on windows has been removed

### Tax Credits for Home Improvements:

- must be “placed in service” from January 1, 2009 through December 31, 2010
- must be for taxpayer’s principal residence
- maximum amount is \$1,500 in 2009 & 2010 for most home improvements
- By installing energy efficient windows and doors, with a U value of 0.30 or better, and a SHGC of 0.30; homeowners are approved for up to a 30% tax credit of improvement costs, not to exceed \$1500. Example: A \$5000 window replacement would create a \$1500 tax credit.
- for record keeping, save your receipts and the Manufacturer Certification Statement<sup>3</sup>, OR for windows, you can save the ENERGY STAR label from your new windows
- improvements made in 2009 will be claimed on your 2009 taxes (filed by April 15, 2010) — Use IRS Tax Form 5695 (2009 version) — it will be available late 2009 or early 2010
- If you are building a new home, you can qualify for the tax credit for photovoltaics, solar water heaters, small wind systems and fuel cells, *but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters.*

## SUMMARY OF TAX CREDITS FOR HOMEOWNERS

Product Type	Tax Credit Specification	Tax Credit	Notes
Exterior Windows and Skylights	ENERGY STAR qualified OR meets IECC <sup>1</sup>	30% of cost, up to \$1,500 <sup>2</sup>	All ENERGY STAR labeled windows and skylights qualify for tax credit. Learn more about ENERGY STAR qualified windows and skylights.
Storm Windows	Meets IECC <sup>1</sup> in combination with the exterior window over which it is installed, for the applicable climate zone	30% of cost, up to \$1,500 <sup>2</sup>	Manufacturer Certification Statement <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.
Exterior Doors	Meets IECC <sup>1</sup>	30% of cost, up to \$1,500 <sup>2</sup>	ENERGY STAR doors will almost always qualify, except for certain parts of California <sup>4</sup> . Learn more about ENERGY STAR qualified doors.
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	30% of cost, up to \$1,500 <sup>2</sup>	

<sup>1</sup> Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code.

<sup>2</sup> Subject to a \$1,500 maximum per homeowner for all improvements combined.

<sup>3</sup> A Manufacturer’s Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website to facilitate identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

<sup>4</sup> Additional information on exterior window features may be viewed at Anatomy of an Energy Efficient Window.

The IRS defines “placed in service” as when the property is ready and available for use.