

# Federal Tax Credits

Information compiled from the Air-Conditioning, Heating and Refrigeration Institute & ENERGY STAR websites.

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.

## Tax Credits for Homeowners

- The efficiency levels have been modified to reflect the highest tier of the CEE High-efficiency Specification for Residential HVAC Systems for equipment "placed in service" between February 17, 2009 to December 31, 2010. Please note: Equipment listed in the chart below (except water heaters, which only needs to achieve one of the efficiency specifications) must meet all performance specifications for its category. For example, a tax-credit eligible split central air conditioner must have stated performance ratings of 13 EER and 16 SEER.
- The tax credit has been raised from 10% to 30% for certain products.
- The tax credits that were for a specific dollar amount (ex \$300 for a CAC), have been converted to 30% of the cost.
- The maximum credit has been raised from \$500 to \$1500 for the two years (2009–2010). However, some improvements such as geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum.
- The tax credits that were previously effective for 2009 have been extended to 2010 as well.

## How to Obtain the Tax Credit

- Use IRS Form 56953

Product Type	Tax Credit Specification	Tax Credit	Effective Date	Find Qualifying Equipment
Central A/C	<b>Split:</b> EER>=13 & SEER>=16 <b>Packaged:</b> EER>=12 and SEER>=14	The tax credit is 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	Go to Air Conditioners and Air Conditioner Coils on the Air-Conditioning, Heating and Refrigeration Institute website: ( <a href="http://www.ahridirectory.org/ahridirectory/pages/home.aspx">www.ahridirectory.org/ahridirectory/pages/home.aspx</a> ) and enter the minimum EER and SEER.
Air-Source Heat Pumps	<b>Split:</b> HSPF >= 8.5 and EER >= 12.5 and SEER >= 15 <b>Packaged:</b> HSPF >=8 and EER >= 12 and SEER >= 14	The tax credit is for 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	Go to Heat Pumps and Heat Pump Coils on the Air-Conditioning, Heating and Refrigeration Institute website: ( <a href="http://www.ahridirectory.org/ahridirectory/pages/home.aspx">www.ahridirectory.org/ahridirectory/pages/home.aspx</a> ) and enter the minimum HSPF, EER and SEER.
Geo-thermal Heat Pump	<b>Closed Loop:</b> EER >= 14.1 COP >= 3.3 <b>Open Loop:</b> EER>=16.2 COP>=3.6 <b>Direct Expansion:</b> EER>=15 COP>=3.5	The tax credit is 30% of the cost of the system. <sup>2</sup>	Credits for systems "placed in service" from 1/1/06 – 12/31/16.	Go to Direct Geo Exchange Heat Pumps on the Air-Conditioning, Heating and Refrigeration Institute website: ( <a href="http://www.ahridirectory.org/ahridirectory/pages/home.aspx">www.ahridirectory.org/ahridirectory/pages/home.aspx</a> ) and scan the listing to find equipment that achieves or exceeds the minimum EER and COP listed in the third column of this chart.
Gas, Oil, Propane Furnace or Hot Water Boiler	<b>Furnaces:</b> Gas >= 95% AFUE; Oil >= 90% AFUE Propane >= 90% AFUE <b>Boilers:</b> AFUE>=90	The tax credit is 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	Go to the Air-Conditioning, Heating and Refrigeration Institute website: <a href="http://ari.org/ARI/util/showdoc.aspx?doc=1279">http://ari.org/ARI/util/showdoc.aspx?doc=1279</a> for a list of qualifying equipment.
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	The tax credit is for 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	The IRS is currently reviewing for clarification. The only scenario that is currently clear is that if the furnace and the fan are both covered on their own, then you can get the full 30% off the cost of the furnace. If the fan is qualified, but the furnace is not, you will most likely NOT be able to take 30% off the cost of the entire furnace.
Gas, Oil, Propane Water Heater	Energy Factor >= 0.82 or Thermal Efficiency>=0.90	The tax credit is 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	Go to the Air-Conditioning, Heating and Refrigeration Institute website: <a href="http://ari.org/ARI/util/showdoc.aspx?doc=1278">http://ari.org/ARI/util/showdoc.aspx?doc=1278</a> for a list of qualifying equipment.
Electric Heat Pump Water Heater	Energy Factor >= 2.0	The tax credit is 30% of the cost of the system. <sup>1</sup>	Feb. 17, 2009 – Dec. 31, 2010	All ENERGY STAR electric heat pump water heaters qualify for the tax credit. Go to the Air-Conditioning, Heating and Refrigeration Institute website <a href="http://ari.org/ARI/util/showdoc.aspx?doc=1280">http://ari.org/ARI/util/showdoc.aspx?doc=1280</a> for a list of qualifying equipment.
Solar Water Heating	At least 1/2 of the energy generated by the "qualifying property" must come from the sun. Homeowners may only claim spending on the solar water heating system property, not the entire water heating system of the household. The credit is not available for expenses for swimming pools or hot tubs. The water must be used in the dwelling. The system must be certified by SRCC (Solar Rating & Certification Corporation.)	The tax credit is 30% of the cost of the system. <sup>2</sup>	Feb. 17, 2009 – Dec. 31, 2016	All ENERGY STAR solar water heaters qualify for the tax credit.

<sup>1</sup> Subject to a \$1,500 maximum cap per homeowner for all combined improvements made in 2009 and 2010.

<sup>2</sup> This credit is not limited to the \$1,500 home improvement cap footnoted above.

<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.