



The American Recovery and Reinvestment Act of 2009 (ARRA) provides tax incentives for homeowners who make energy efficiency improvements to their home. **Congress extended this provision for 2011 with some modifications to eligibility requirements, and reductions in the cap to \$500 per home.** The \$500 limit applies to heating and cooling equipment and to building envelope improvements, and applies to all years – if you received a credit in 2009 of \$500 or more, you cannot receive it again in 2011. In addition, here are some instances where there is a cap on a specific product, see equipment descriptions below for details.

Product Category	Product Type	Tax Credit Specifications	Tax Credit
HVAC (Heating & Cooling)	Central A/C (Split System)	SEER $\geq$ 16 EER $\geq$ 13	10% of cost up to \$300
	Central A/C (Package System)	SEER $\geq$ 14 EER $\geq$ 12	
	Air Source Heat Pump (Split System)	SEER $\geq$ 15 EER $\geq$ 12.5 HSPF $\geq$ 8.5	10% of cost up to \$300
	Air Source Heat Pump (Package System)	SEER $\geq$ 14 EER $\geq$ 12 HSPF $\geq$ 8	
	Natural Gas or Propane Furnace	AFUE $\geq$ 95%	10% of cost up to \$150
	Oil Furnace	AFUE $\geq$ 95%	
	Gas, Propane, or Oil Hot Water Boiler	AFUE $\geq$ 95%	
	Biomass Stove	Stove which burns biomass fuel to heat a home or heat water. Thermal heat rating of at least 75% as measured using a lower heating value	10% of cost up to \$300
Geo-Thermal Heat Pump	System Type	<i>ALL ENERGY STAR qualified geo-thermal systems qualify for the tax credit</i>	30% of cost No Cap
	Closed Loop	EER $\geq$ 14.1 / COP $\geq$ 3.3	Tax Credit available for geo-thermal heat pumps until December 31, 2016
	Open Loop	EER $\geq$ 16.2 / COP $\geq$ 3.6	
	Direct Exchange	EER $\geq$ 15 / COP $\geq$ 3.5	
Water Heating	Gas, Oil, Propane Water Heaters	Energy Factor $\geq$ 0.82 or thermal efficiency of $\geq$ 90%	10% of cost up to \$300
	Electric Heat Pump Water Heaters	Energy Factor $\geq$ 2.0	10% of cost up to \$300
	Solar Water Heating	System must be certified by the Solar Rating & Certification Corporation (SRCC) At least 1/2 of the energy generated must come from the sun	30% of cost No Cap  Tax Credit available for solar water heating until December 31, 2016

This information is intended to provide a partial outline of the tax incentives that may be available for energy efficiency improvements made available under the American Recovery and Reinvestment Act of 2009 (ARRA). This information is not intended to be taken as tax advice and does not purport to list all of the requirements for the credits. We suggest you contact your tax advisor with any questions about your specific situation.



# Home Owner Tax Incentive Overview – Cont.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides tax incentives for homeowners who make energy efficiency improvements to their home. The improvements must be made and placed into service by December 31, 2011.

Product Category	Product Type	Tax Credit Specifications	Tax Credit
Windows and Glass Doors	Exterior Windows and Skylights	Energy Star Qualified	10% of the cost, up to \$500*, but windows are capped at \$200
	Exterior Doors	Energy Star Qualified	10% Of the cost, up to \$500* No installation costs included
Roofing	Metal Roofs & Asphalt Roofs	<i>ENERGY STAR qualified metal and reflective asphalt shingles</i>	10% Of the cost, up to \$500* No installation costs included
Insulation	Insulation	Must be existing home and principal residence	10% Of the cost, up to \$500* No installation costs included

**Notes on Home Owners Tax Incentives:**

- Must be "placed in service" by December 31, 2011.
- Must be for taxpayer's principal residence, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, and small wind energy systems (where second homes and rentals qualify).
- \$500 is the maximum total amount that can be claimed for all products placed in service in 2011 for most home improvements, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, fuel cells, and small wind energy systems which are not subject to this cap, and are in effect through 2016.
- Must have a Manufacturer Certification Statement to qualify.
- For record keeping, save your receipts and the Manufacturer Certification Statement.
- 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.
- Improvements made in 2011 may be claimed on your 2011 taxes (filed by April 15, 2012) — use IRS Tax Form 5695 (2011 version) — available later in 2011.
- If you are building a new home, you can qualify for the tax credit for geothermal heat pumps, photovoltaics, solar water heaters, small wind energy systems and fuel cells, *but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters.*
- \***SUBJECT TO A \$500 MAXIMUM PER HOMEOWNER FOR ALL IMPROVEMENTS COMBINED.**

For more detailed information, please visit:

- [www.energystar.gov/taxcredits](http://www.energystar.gov/taxcredits)
- [www.energytaxincentives.org](http://www.energytaxincentives.org)

*This information is intended to provide a partial outline of the tax incentives that may be available for energy efficiency improvements made available under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and does not purport to list all of the requirements for eligibility. This information is not intended to be taken as tax advice. We suggest you contact your tax advisor with any questions about your specific situation.*





# Home Builder Tax Incentive Overview

## What is the tax credit for new homes?

- A credit of \$2000 is available to home builders who build homes (including both site-built and manufactured homes) projected to save at least 50% of the heating and cooling energy of a comparable home that meets the standards of the 2004 International Energy Conservation Code (the 2003 code including the 2004 supplement). A \$1000 credit is available to manufactured home producers for models that save 30% or that qualify for the federal Energy Star Homes program.

These credits are available for buildings or systems placed in service from January 1, 2006, through December 31, 2011.

- \*Update: [RESNET](#) has completed a survey of rating providers regarding the number of homes that their raters certified for the federal tax credit (2007 only). 23,702 homes were certified by RESNET during 2007, which is triple the number of homes certified in 2006.

## Who is eligible for the federal tax credit?

- These credits go to the builder or producer of the home.

## What are the incentives and how do they work?

- Credits are available for homes placed in service (i.e. ready and available for use) from January 1, 2006 through December 31, 2011.
- Site-built homes:** Builders can take a credit of \$2000 per home, in the year that the home is sold. The home must be certified to use at least 50% less energy than a comparable home that complies with the standards provided in the 2003 IECC, including 2004 supplement, and uses a SEER 13 air conditioner. Building envelope improvements must account for at least 1/5 of the 50% energy savings.
- Manufactured homes:** Producers can take a credit of \$2000 per home, in the year that the home is sold, for meeting the 50% savings criterion. Alternately, they can claim a credit of \$1000 for each home that is certified to save 30% or that qualifies for the U.S. EPA Energy Star Homes program.

## What goes into a high-efficiency new home?

- Homes can qualify for these credits using a wide range of energy efficiency measures. These can include better-insulated foundations, walls, and ceilings; high-efficiency windows; well-sealed framing and air ducts; high-efficiency heating and cooling systems; and other innovative design and construction methods.

## What must I do to qualify for the incentive?

- Site-built homes:
  - DOE is now preparing guidelines on suggested design and construction techniques for reaching the 50% savings threshold. These should be available soon at [U.S. Department of Energy website](#).
  - A [presentation at the January 2006 International Builder's Show](#) (270 KB PDF) identifies possible packages for different climate zones.
  - IRS guidance specifies that builders obtain certification that a new home qualifies from an independent certifier accredited by the Residential Energy Service Network or an equivalent program. Details can be found on the [IRS website](#).
  - [EnergyGauge](#) software helps determine compliance.
- Manufactured homes:
  - Consult the U.S. EPA website.
  - IRS guidance specifies that manufacturers obtain certification that a new home qualifies from an independent certifier accredited with the Residential Energy Service Network or an equivalent program. Details can be found on the [IRS website](#).

## Where can I find out more about qualifying homes?

- Site-built homes: [www.eere.energy.gov/buildings/building\\_america](http://www.eere.energy.gov/buildings/building_america)
- Manufactured homes: [Energy Star](#)
- [Accredited Rating Providers](#) from Residential Energy Services Network (RESNET)
- RESNET: [www.natresnet.org](http://www.natresnet.org)
  - RESNET Presentation: [Procedures for Certifying Residential Energy Efficiency Tax Credits for New Homes](#) (114 KB PDF) \*This does not represent any official government or TIAP member positions.
  - RESNET Presentation: [The New Homes Credit](#) (858 KB PDF)
- IRS Bulletins & Information
  - [General Information, links to notices](#)
  - [Accredited Software](#)
  - [Standards for Calculating Energy Savings](#)
- Forms
- [IRS Form 8908](#)

*This information is intended to provide a partial outline of tax incentives that may be available for energy efficiency improvements made available under the American Recovery and Reinvestment Act of 2009 (ARRA) and does not purport to list all of the requirements for eligibility. This information is not intended to be taken as tax advice. We suggest you contact your tax advisor with any questions about your specific situation.*



# Commercial Building Tax Incentive Overview

The American Recovery and Reinvestment Act of 2009 (ARRA) provides tax incentives for owners of commercial buildings that make energy efficiency improvements. Requirements for the tax incentive are discussed below.

## Tax Deductions for Commercial Buildings:

- A tax deduction of up to \$1.80 per square foot is available to owners or designers of new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001.
- Partial deductions of up to \$.60 per square foot can be taken for measures affecting any one of three building systems: the building envelope, lighting, or heating and cooling systems.
- These tax deductions are available for systems “placed in service” from January 1, 2006 through December 31, 2013.
- The builder (or designer in the case of publicly-owned buildings) can take the deduction in the year the property was placed in service. The building or system must be certified, with inspection and testing, as meeting the energy cost savings goal according to guidance issued by the IRS in consultation with the Department of Energy. IRS Notice 2006-52.
- Key provisions in the guidance include the following:
  - ❖ Certifications must be done by "qualified individuals". Qualified individuals must be licensed engineers or contractors, not be "related" to the taxpayer taking the deduction (as defined by the IRS), and self-certify to the taxpayer that he or she has qualifications to provide the certification.
  - ❖ Certifications for energy savings shall be in accordance with the procedures in Appendix G of ASHRAE Standard 90.1-2004, supplemented with several provisions in the 2005 California Title 24 Nonresidential Alternative Calculation (ACM) Approval Manual. Generally calculations will be done by computer software. Software must be on a list of products approved by the U.S. Department of Energy.
  - ❖ The certification must include a field inspection of the building after the building is placed in service to confirm that the building has met the savings goals. Specific inspection and testing procedures are being developed by the National Renewable Energy Laboratory and will be posted on the web when completed.
  - ❖ Certifiers must also provide the building owner with an explanation and list of the energy efficiency features of the building and the projected annual energy costs.

**IRS Notice 2006-52 provides clarification on the requirements of this tax credit. The Notice can be found at [http://www.irs.gov/irb/2008-14\\_IRB/ar12.html](http://www.irs.gov/irb/2008-14_IRB/ar12.html)**

*This information is intended to provide a partial outline of the tax incentives that may be available for energy efficiency improvements made available under the American Recovery and Reinvestment Act of 2009 (ARRA) and does not purport to list all of the requirements for eligibility. This information is not intended to be taken as tax advice. We suggest you contact your tax advisor with any questions about your specific situation.*