

Are you thinking about replacing those leaky windows or upgrading to an energy-efficient furnace? This info might save you some money!

THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) PROVIDES NUMEROUS TAX INCENTIVES FOR INDIVIDUALS TO INVEST IN ENERGY-EFFICIENT PRODUCTS.

Residential Energy Property Credit (Section 1121): The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010.

The credit applies to improvements and, depending on the products, used may include:

- Exterior Doors and Windows
- Storm Windows and Doors
- Skylights
- Insulation and Sealing
- Central A/C
- Air Source Heat Pumps
- Natural Gas, Gas, Propane or Oil Furnaces
- Gas, Propane or Oil Furnaces Water Boilers
- Advanced Main Air Circulating Fans
- Gas, Oil, Propane, or Electric Heat Pump Water Heaters
- Biomass Stoves

A similar credit was available for 2007, but was not available in 2008. Homeowners should be aware that the standards in the new law are higher than the standards for the credit that was available in 2007 for products that qualify as "energy efficient" for purposes of this tax credit. The IRS has issued guidance that will allow manufacturers to certify that their products meet these new standards.

Residential Energy Efficient Property Credit (Section 1122): This nonrefundable energy tax credit will help individual taxpayers pay for qualified residential alternative energy equipment, such as solar hot water heaters, geothermal heat pumps and wind turbines. The new law removes some of the previously imposed maximum amounts and allows for a credit equal to 30 percent of the cost of qualified property. See Notice 09-41.

There are some important stipulations to these Tax Credits:

- Maximum Tax Credit allowed is \$1,500
- Tax Credit not available for new construction
- Not all products or materials qualify, question your contractor, vendor or utility company to be sure
- The equipment or products must last a minimum of 5 years
- The improvement must have been placed in service on or after February 17, 2009

For more information on this and other energy tax credits check this link:

<http://www.energy.gov/taxbreaks.htm>

Hope you found this interesting and helpful. If I can help answer any additional questions about this topic and how it might relate to your taxes, please give me a call (360)791-7222 or email me at Kim@accountsourcenet.com.