



INSIGHT: Q & A

## FEDERAL TAX CREDIT

**Q: What is the Federal Stimulus Tax Credit?**

A: The Federal Stimulus Tax Credit is a group of enhancements that were made to the 2008 tax credits for energy-efficient home improvements made from January 1, 2009 through December 31, 2010 (through 2016 for renewable energy sources).

**Q: What does this mean for me?**

A: This means that you are eligible for a tax credit if you make qualified energy-efficiency improvements to your home.

**Q: How much is the tax credit for?**

A: For most improvements, the tax credit is 30% of the cost, up to \$1,500.

**Q: Does that include labor and material?**

A: For improvements on the "Shell" of your home, (windows, doors, roofing and insulation), the tax credit covers the 30% of cost of materials. Improvements such as new HVAC systems, heat pumps and boilers will cover 30% of the total installed cost, both labor and material costs.

**Q: What about renewable energy sources?**

A: Solar water heaters, solar panels, and geothermal heat pumps are a 30% tax credit for labor and material cost with NO cap on the credit.

**Q: What if I made improvements before 2009, will a tax credit apply?**

A: Unfortunately no, the tax credit only applies to energy improvements installed after January 1, 2009

**Q: When do the tax credits expire?**

A: December 31, 2016 for renewable energy sources and December 31, 2010 for all other energy-efficiency improvements.

**Q: Could this apply to my second property?**

A: This is applicable to the taxpayers Primary Residence only. Solar water heaters, solar panels, and geothermal heat pumps may apply to second homes or rentals.

**Q: What about energy-efficient appliances?**

A: Federal tax credits do not apply to small appliances. Local state and city credits may be available.

**Q: Can I use the Federal tax credits in 2009 and 2010?**

A: Yes, but the Federal tax credit has a lifetime cap of \$1,500 except for renewable energy sources. Therefore, once you reach the \$1,500 limit, you can no longer apply the tax credit.



## Home Improvements

With the passage of the ARRA or “Stimulus” package, tax credits are now available for energy-saving home improvements:

- Energy-efficiency improvements must be installed from January 1, 2009 through December 31, 2010 (renewables go through 2016—**Hint: go for efficiency first!**)
- for energy-efficiency, improvement must be for taxpayer's principal residence
- for renewables (geothermal heat pumps, solar water heaters, solar PV, and wind) second homes and rentals qualify
- \$1,500 is the maximum total amount that can be claimed for all products placed in service in 2009 & 2010 for most energy-efficiency improvements, but qualifying renewables are not subject to this cap.
- Save your receipts and the “Manufacturer Certification Statement” (your contractor should be able to supply this) for tax record keeping purposes
- 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

**) Call New Era Construction today to set up an appointment regarding the Federal Tax Credit for your home improvement. We look forward to helping you.**

**248.293.1077**

For more information, go to [http://www.energystar.gov/index.cfm?c=products.pr\\_tax\\_credits](http://www.energystar.gov/index.cfm?c=products.pr_tax_credits)