



2011 Federal Tax Credit Guidelines for Home Energy Improvements

With the passage of the Federal 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, 2011 (renewables go through 2016)

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

\$500 is the maximum total amount that can be claimed for all products placed in service in 2011 for most energy-efficiency improvements, but qualifying renewables are NOT subject to this cap.

Owners of existing homes may receive a tax credit worth 10% of the cost of upgrading the efficiency of the building’s envelope. Installation (labor) costs are not included and the credit is capped at \$500 for all improvements. To be eligible for the credit, the improvement must meet the prescriptive requirements established for it under the 2009 International Energy Conservation Code (including supplements).

The cap includes tax credits for any improvements made in 2006 - 2010. If a taxpayer claimed \$500 or more of these tax credits in any previous year, any purchases made in 2011 will be ineligible for a tax credit.

Save your receipts and the “Manufacturer Certification Statement” (your contractor should be able to supply this) for tax record keeping purposes

Improvements made in 2011 will be claimed on your 2011 taxes (filed by April 15, 2012)
— use IRS Tax Form 5695 (2011 version)

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Criteria for Energy-Efficiency Measures (\$500 maximum)

Product Type	Tax Credit Specification	Tax Credit
Insulation	Meets 2009 IECC & Amendments. For insulation to qualify, its primary purpose must be to insulate (example: insulated siding does not qualify).	10% of material cost, up to \$500
Exterior Windows and Skylights and Exterior Doors	U factor \leq 0.30 SHGC \leq 0.30 Note, before June 1, 2009 all ENERGY STAR windows qualify. After June 1, 2009, only windows that meet the above specs qualify.	10% of material cost, up to \$200
Storm Windows	In combination with the exterior window over which it is installed: 1. has a U-factor and SHGC of 0.30 or below 2. Meets the IECC	10% of material cost, up to \$200
Storm Doors	In combination with a wood door over which it is installed: 1. has a U-factor and SHGC of 0.30 or below 2. Meets the IECC	10% of material cost, up to \$200
Metal Roofs, Asphalt Roofs	All ENERGY STAR qualified metal and reflective asphalt shingles	10% of material cost, up to \$500
Central A/C	<i>Split Systems:</i> EER \geq 13 SEER \geq 16 <i>Package Systems:</i> EER \geq 12 SEER \geq 14	10% of installed cost, up to \$300
Air Source Heat Pumps	<i>Split Systems:</i> HSPF \geq 8.5 EER \geq 12.5 SEER \geq 15 <i>Package Systems:</i> HSPF \geq 8 EER \geq 12 SEER \geq 14	10% of installed cost, up to \$300
Natural Gas or Propane Furnace	AFUE \geq 95	10% of installed cost, up to \$300
Oil Furnace	AFUE \geq 90	10% of installed cost, up to \$300
Gas, Propane, or Oil Hot Water Boiler	AFUE \geq 90	10% of installed cost, up to \$150
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use—applies to cost of fan only unless the furnace/AC also qualifies.	10% of installed cost, up to \$50
Gas, Oil, Propane Water Heater	Energy Factor \geq 0.82 or a thermal efficiency of at least 90%. All ENERGY STAR tankless water heaters will qualify. There are currently no ENERGY STAR qualified gas storage tank or gas condensing water heaters that qualify.	10% of installed cost, up to \$300
Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor \geq 2.0	10% of installed cost, up to \$300
Biomass Stove	Stove which burns biomass fuel to heat a home or heat water. Thermal efficiency rating of at least 75% as measured using a lower heating value.	10% of installed cost, up to \$500

Note: The \$1,500 maximum does not apply to geothermal **heat** pumps, solar water heaters, solar panels, fuel cells, and wind generators. These are all eligible for a 30% tax credit with no upper limit.

Note: The \$500 maximum does not apply to geothermal **heat** pumps, **solar water** heaters, **solar** panels, fuel cells, and wind generators. These are all eligible for a 30% tax credit with no upper limit.

Criteria for Renewable Energy Measures (no maximum)

Product Type	Tax Credit Specification	Tax Credit
Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER \geq 14.1 COP \geq 3.3 Open Loop: EER \geq 16.2 COP \geq 3.6 Direct Expansion: EER \geq 15 COP \geq 3.5	30% of installed cost
Solar Water Heating	At least half 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 the Solar Rating and Certification Corporation (SRCC).	30% of installed cost
Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of installed cost
Residential Small Wind Turbines	Has nameplate capacity of not more than 100 kilowatts.	30% of installed cost
Residential Fuel Cell and microturbine system	Efficiency of at least 30% and must have a capacity of at least 0.5 kW.	30% of the cost, up to \$500 per .5 kW of power capacity