



Summary of the 2009 Federal Tax Incentives for Home Improvement

The 2009 stimulus bill (The American Recovery and Reinvestment Act of 2009) made significant changes to the energy efficiency tax credits. The highlights of these changes are:

The tax credits that were previously effective only for 2009 have been extended to 2010.

The tax credit percentage has been raised from 10% to 30%.

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 up to \$1500 for 2009 through 2010. However, some improvements such as geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum credit and are in effect through 2016.

Tax Credits for Home Owners:

Home improvement tax credits are available for home improvements "placed in service" from January 1, 2009 through December 31, 2010. Any qualified home improvements made in 2008 are not eligible for the tax credit.

The tax credits are available for:

- Insulation
- Replacement windows
- Non-solar water heaters
- Specific high efficiency heating and cooling equipment

What else do I need to know?

- Must be for taxpayer's principal residence.
- Must have a Manufacturer Certification Statement to qualify.
- For record keeping, save your receipts and the Manufacturer Certification Statement.

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

Note: Not all ENERGY STAR labeled products qualify for tax credit.