

# **Tax Credits Available for Home Projects: Energy-Efficient Purchases in 2009-10 May Qualify**

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**By Betty Lin-Fisher**

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Sep. 25--If you have some energy-efficient home-improvement projects on your to-do list, you might be able to get a little green back into your wallet.

Federal tax credits for some projects are available for purchases made during the 2009 and 2010 calendar years. Approved under the federal government's economic stimulus laws, the tax credits are better than the ones that were offered in 2006 and 2007.

In 2008, there was a one-year gap where tax credits were not available for energy-efficiency improvements.

"I call them the new and improved tax credits," said Ronnie Kweller, spokeswoman for the Alliance to Save Energy of Washington, D.C.

The new tax credits triple the credit to 30 percent of the cost of the project and also raises the cap on total credits from \$500 to \$1,500. The stimulus bill also made purchases retroactive to Jan. 1, 2009, qualified under the tax-credit allowances. The new law, which passed in February, built on a tax-credit program that was passed late last year for this year, Kweller said.

While most of the projects that qualify are bigger ticket items, there is one cheap and little known improvement that can get you a little bit of tax money back: materials for caulking, weather stripping and foam sealants. Retailers can answer questions if the product qualifies with what is called a Manufacturer's Certification Statement.

Consumers who took advantage of the tax credits in 2006 or 2007 and make new purchases in 2009 and 2010 can claim the tax credits on the new purchases and the previous \$500 tax credit does not count toward the \$1,500 cap, Kweller said.

Kweller said having the tax credits available through 2010 can help people budget for

big-ticket items.

"Having a longer time to apply for the tax credits gives folks some opportunity to plan and budget and save for these things that might put a bigger dent in your budget. It's a good time to be thinking about that now," she said.

Anthony Rodriguez, spokesman for the Ohio Consumers' Counsel, the state's residential utility advocate, said tax credits can be helpful toward purchases.

"There are definitely a lot of opportunities for consumers to take advantage of lowering the out-of-pocket costs for things like furnaces or insulation or water heaters," he said.

A tax credit is claimed on your federal income tax form. The credit increases the tax refund you receive or decreases the amount you have to pay. It's different from a tax deduction, which lowers your taxable income.

The government issued standards each product must meet to qualify for the tax credit, and in some cases those standards were raised from what was in place at the beginning of 2009. Windows and skylights are a good example: Under the old rules, all windows and skylights that met the government's Energy Star standards for energy saving qualified for a tax credit. Now that the criteria are tighter, only some Energy Star windows are eligible.

More efficient products tend to be more expensive, so the higher standards might mean only pricier products will qualify for the tax credit, Kweiler said.

But here's the good news: If you made an improvement this year before Feb. 17, and the improvement qualified under the old criteria but not the new, you can still get the full credit, Kweiler said.

For owners of existing homes, credits are available for installing qualifying windows, doors, insulation, metal and asphalt roofs, nonsolar water heaters, biomass stoves and heating, ventilating and air conditioning units.

For owners of both existing homes and houses built in 2009, the credits are also available for geothermal heat pumps, solar heat pumps, solar water heaters, small wind-energy systems and fuel cells. However, there's no cap on total credits for these

improvements, and they're available for a longer time -- until the end of 2016.

You claim the credits by completing Form 5695 when you file your tax return. Be sure to save your receipt and the manufacturer's certification statement for each qualifying item you purchase.

There's no single list of qualifying products, but a good place to start to get more information is the Energy Star site, <http://www.energystar.gov> (click on "Tax Credits for Energy Efficiency" near the bottom left corner of the page).

The Web site gives the criteria for each qualifying improvement and in some cases contains links to sources of more specific product information. The Alliance to Save Energy's Web site, <http://www.ase.org> also has information.

#### Appliance rebate

If you're thinking about replacing a major appliance, you might want to hold off for a few months.

Ohio is seeking federal money to offer rebates for the purchase of energy-efficient appliances. If its application is approved, the rebates probably would start around the end of the year, according to state officials.

The state is eligible for \$11.02 million for the rebates under the American Recovery and Reinvestment Act, the stimulus legislation that was signed into law in February. Altogether, the act earmarked nearly \$300 million for state-run rebate programs.

Ohio has filed an initial application with the U.S. Department of Energy expressing its intention to participate in the rebate program. A full application is due Oct. 15.

The Energy Department expects most of the money to be awarded to the states by Nov. 30, according to a news release from the department.

The rebates will be for appliances that meet the federal government's Energy Star standards, but each state or territory gets to decide which appliances are eligible and for how much.