

2009 Tax Credits on Heating & Cooling Systems for Consumers:

On February 17, 2009, President Obama signed a stimulus bill (The American Recovery and Reinvestment Act of 2009) that made some significant changes to the energy efficiency tax credits. The highlights are:

The tax credits that were previously effective for 2009, have been extended to 2010 as well.

The tax credit 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 to \$1500 for the two years (2009–2010).

However, some improvements such as **geothermal heat pumps**, solar water heaters, and solar panels **are not subject to the \$1,500 maximum**.

**Please note, not all ENERGY STAR qualified homes and products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels, which typically cost much more than standard products. If, for whatever reason, you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, will pay you back in lower energy bills within a reasonable amount of time, without a tax credit.

Must be "placed in service" from January 1, 2009 through December 31, 2010


Must be for taxpayers principal residence: maximum amount is \$1,500 in 2009 & 2010 for most home improvements (geothermal heat pumps may be installed in secondary or vacation homes, are not subject to this cap, and are in effect through 2016) for record keeping, save your receipts and the [Manufacturer Certification Statement](#)³

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

If you are building a new home, you can qualify for the tax credit for geothermal heat pumps, but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters.

SUMMARY OF TAX CREDITS FOR HOMEOWNERS

HVAC	Central A/C	<i>Split Systems:</i> EER >= 13 SEER >= 16 <i>Package systems:</i> EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ²	For a list of qualified products, go to the Consortium for Energy Efficiency product directory EXIT ↗, click on the Air Conditioners and in the "CEE Tier" enter "Residential Advanced Tier 3" for CAC Split Systems, and "Residential Tier 2" for CAC package systems and ASHPs. Note — not all ENERGY STAR products will qualify for the tax credit. Must be the primary residence. ENERGY STAR Spec (same for CAC and ASHP):
	Air Source Heat Pumps	<i>Split Systems:</i> HSPF >= 8.5 EER >= 12.5 SEER >= 15 <i>Package systems:</i> HSPF >= 8 EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ²	<i>Split Systems:</i> HSPF >= 8.2 EER >= 12 SEER >= 14.5 <i>Package systems:</i> HSPF >= 8 EER >= 11 SEER >= 14
	Natural Gas or Propane Furnace	AFUE >= 95	30% of cost, up to \$1,500 ²	For a list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↗
	Oil Furnace	AFUE >= 90	30% of cost, up to \$1,500 ²	Not all ENERGY STAR products will qualify for the tax credit.

	Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	30% of cost, up to \$1,500 ²	ENERGY STAR Spec: Gas Furnaces: AFUE >= 90 Oil Furnaces: AFUE >= 85 Boilers: AFUE >= 85
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	30% of cost, up to \$1,500 ²	For a partial list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↵
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER >= 14.1 COP >= 3.3 Open Loop: EER >= 16.2 COP >= 3.6 Direct Expansion: EER >= 15 COP >= 3.5	30% of the cost - NOT subject to \$1,500 cap	All ENERGY STAR labeled geo-thermal heat pumps qualify for the tax credit. Use IRS Form 5695  EXIT ↵ Must be " placed into service " between Jan. 1, 2008–Dec. 31, 2016 Primary, secondary or vacation homes qualify.

¹Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code.

²Subject to a \$1,500 maximum per homeowner for all improvements combined.

³A Manufacturer's Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website to facilitate identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

⁴Additional information on exterior window features may be viewed at [Anatomy of an Energy Efficient Window](#).

⁵Biomass Fuel means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

The IRS defines "[placed in service](#)" as when the property is ready and available for use.