

A HELPFUL TAX HINT CONCERNING ENERGY CREDITS FOR HOMEOWNERS!

During 2006 and 2007, individuals can make energy-conscious purchases that will provide tax benefits when filling out their tax returns. Manufacturers offering energy efficient items such as insulation or storm windows can assure their customers that their energy efficient items will qualify for the tax credit if certain energy efficiency requirements are met.

A recent tax law change provides a tax credit to improve the energy efficiency of existing homes. The law provides a 10 percent credit for buying qualified energy efficiency improvements. To qualify, a component must meet or exceed the criteria established by the 2000 International Energy Conservation Code (including supplements) and must be installed in the taxpayer's main home in the United States.

The following items are eligible:

- Insulation systems that reduce heat loss/gain
- Exterior windows (including skylights)
- Exterior doors
- Metal roofs (meeting applicable Energy Star requirements).

In addition, the law provides a credit for costs relating to residential energy property expenses. To qualify as residential energy property, the property must meet certification requirements prescribed by the Secretary of the Treasury and must be installed in the taxpayer's main home in the United States.

The following items are eligible:

- \$50 for each advanced main air circulating fan
- \$150 for each qualified natural gas, propane, or oil furnace or hot water boiler
- \$300 for each item of qualified energy efficient property

The maximum credit for all taxable years is \$500 – no more than \$200 of the credit can be attributable to expenses for windows.

These items must be placed in service after Dec. 31, 2005 and before Jan. 1, 2008.

If you have any additional questions feel free to contact us at (412) 364-9586.