

Energy Tax Credits in 2009

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Trying to decide whether to invest in new energy-efficient home improvements? Tax credits can put those improvements affordably in your reach, after deductions and lower energy bills. However, there are a few things you need to know before you make a purchase or sign a contract.

The IRS granted credits for improvements made during 2006-07, but not 2008. This applies for all but the most expensive improvements.

If you made energy efficient home improvements in 2006-07 and didn't claim it, or all of it, you might be able to claim those in 2009. Beginning January 1, 2009, homeowners are again eligible for tax credits on approved improvements made after that date. Here are the basic guidelines:

- You can claim a maximum of \$500 in tax credits for certain improvements made during 2006, 2007, and 2009. These improvements include replacement windows, storm windows, exterior doors, storm doors, skylights, insulation, non-solar water heaters, biomass stoves, metal roofing, and some HVAC equipment.
- New homes do not qualify for tax credits in the above categories.
- New homes do qualify for tax credits for photovoltaics, solar water heaters, fuel cells, and small wind systems.

- You can qualify for tax credits above \$500 total for ground source heat pumps, solar energy systems, small wind energy systems, and fuel cells. These systems are not negated for 2008 and are in effect until 2016.
- Only some Energy Star labeled products, usually the most efficient, qualify for tax credits.
- Only principal dwellings in the United States are eligible.
- Installation costs are generally not included for tax credits.
- If you bought an energy efficient product that qualifies for a tax credit during 2008, you may still be able to claim it as a tax credit if you do not install it until 2009. According to EnergyStar.gov, the product can be "placed in service" between January 1, 2009 and December 31, 2009 to qualify.

When you purchase your energy improvement product, save the following for tax purposes: receipts, all Energy Star labels (one for each window you buy, for example), and the manufacturer's certification statement.

Take advantage of energy tax credits. Even in a recession, an energy-efficient improvement is a wise decision. It improves the value of your home, boosts the economy, lowers your utility bills, and makes the world a cleaner, longer-lasting place