



## You're Eligible for a \$200, \$500 or \$2,000 Tax Credit

*In an effort to encourage greater energy savings, the federal government is offering a sizeable tax credit to homeowners who make specific energy-efficient home improvements.*

With energy bills set to rise quickly over the coming years, many homeowners are scrambling for ways to control those costs before they get out of hand. One often overlooked source of relief are the tax credits made available through the Energy Policy Act signed into law last year. For those not already familiar with the details, the primer that follows should prove helpful.

### **Q. What's the offer?**

**A.** Purchase and install any of the energy-efficient products specified under this act, and you'll be able to claim a tax credit of as much as \$200, \$500 or \$2,000. Even better, the product(s) will help you save serious money on your energy bills for years to come.

The offer applies only to products purchased and installed at your principal residence.

### **Q. What's a tax credit?**

**A.** In this case, it's like a rebate; you're being rewarded by the federal government for purchasing and installing products that make your home more energy efficient. Unlike a deduction, which reduces the amount of income subject to tax, a tax credit directly reduces the tax itself (or increases the amount of your federal tax refund).

### **Q. What products are included?**

**A.** The following are eligible for the tax credit:

- Insulation added to walls, ceilings, attics, crawl spaces and other dead-air areas.
- Exterior windows, skylights and, in some cases, storm doors and windows.
- Exterior doors.
- Pigmented metal roofing.
- Central air-conditioning or a heat pump.
- Circulation fan for a heating or cooling system.
- Propane or natural-gas hot water heater.
- Propane, oil or natural-gas furnace.
- Solar hot-water and/or electricity system.

Most brands and models with an Energy Star label will qualify, however, your HOC-authorized contractor can tell you exactly which items are included in the offer.

### **Q. How much is the tax credit?**

**A.** In return for the purchase and installation of qualified brands/models, you can deduct the following amounts from your annual tax return:

- Ten percent of the total cost for doors, windows and skylights.
- Ten percent of the total cost for insulation and metal roofing.
- Thirty percent of the total cost for a solar system.
- \$300 for a hot water heater.
- \$150 for a furnace.
- \$300 for central air-conditioning or a heat pump.
- \$50 for a new circulation fan.

**NOTE:** The maximum tax credit per household is \$500 – except for windows and skylights (maximum tax credit is \$200) and solar systems (maximum tax credit is \$2,000).

### **Q. Can I include the cost of labor?**

**A.** No. The only cost eligible for the tax credit is the purchase price, not the labor to install.

### **Q. How long will this offer last?**

**A.** You must purchase the product(s) and have them installed in 2006 or 2007.

### **Q. How do I apply for the tax credit?**

**A.** You'll be able to deduct the appropriate amount from your annual tax return. Keep your receipts and the labels from the products. Also, ask your contractor for the certification statement proving the product(s) eligibility.