

# ENERGY POLICY

## ACT of 2005

### TAX CREDIT SUMMARY

## Existing Homes Weatherization

### Who is eligible for the tax credit?

The homeowner is eligible for the tax credit.

### What is the tax credit for existing homes?

Existing homes are eligible for a tax credit for a series of efficiency measures. For some measures, such as insulation, a taxpayer can take a credit of up to 10% of the cost of materials. There is a \$500 cap on the credit per home, including the amount taken for heating and cooling equipment. Lower caps are set for some individual measures.

This credit is available for measures or systems placed in service from January 1, 2006, through December 31, 2007. The \$500 cap applies to each home over this two year period. So, if you take a \$350 credit the first year, the maximum credit in the second year is \$150.

### What is eligible for the tax credit?

#### **Eligible measures include:**

- Added insulation to walls, ceilings, or other part of the building envelope
- Replacement windows and skylights (credit capped at \$200)
- External doors
- Sealing cracks in the building shell and ducts to reduce infiltration and heat loss
- Pigmented metal roofs

The homeowner can only claim a credit for the cost of materials (insulation, windows, sealants, etc.). Cost of the labor to install these materials is not eligible.

#### **Efficiency levels that qualify for the tax credit are:**

- Added insulation and replacement doors to bring insulation and doors up to levels specified in the 2001 International Energy Conservation Code (IECC) model energy code
- Replacement windows meeting the requirements in the 2000 IECC model energy code
  - ENERGY STAR® windows will always qualify.
  - Storm windows are eligible if the existing window plus the new storm window meet the window requirements in the 2001 IECC.
- Sealing cracks and holes in the building shell and ducts
- Metal roofs
  - Pigmented coatings must meet ENERGY STAR® requirements.

*Manufacturers and retailers should be able to help you determine whether a specific product qualifies.*

### **What do I need to do to qualify for the tax credit?**

Under the Internal Revenue Service (IRS) rules, manufacturers must certify that specific measures are eligible. Homeowners should obtain a copy of this certification from the manufacturer, installer or retailer when buying these products. Certifications may also be obtained from manufacturer Web sites. Certifications need not be submitted to the IRS, but should be kept on file with other tax records. Only measures placed in service in 2006 and 2007 are eligible.

Additional information is available on the IRS Web site, [www.irs.gov](http://www.irs.gov).

### **Where can I learn more about qualifying products?**

- [www.energytaxincentives.org](http://www.energytaxincentives.org)

#### **Added insulation**

- [www.eere.energy.gov/consumer/tips/insulation.html](http://www.eere.energy.gov/consumer/tips/insulation.html)
- [www.naima.org](http://www.naima.org)

#### **Replacement windows**

- [www.eere.energy.gov/consumer/tips/windows.html](http://www.eere.energy.gov/consumer/tips/windows.html)
- [www.aceee.org/consumerguide/windo.htm](http://www.aceee.org/consumerguide/windo.htm)
- [www.efficientwindows.org/](http://www.efficientwindows.org/)
- [www.nfrc.org/windowshop/index.aspx](http://www.nfrc.org/windowshop/index.aspx)

#### **Duct sealing**

- [www.energystar.gov/index.cfm?c=ducts.pr\\_ducts](http://www.energystar.gov/index.cfm?c=ducts.pr_ducts)

#### **Air infiltration reduction**

- [www.energystar.gov](http://www.energystar.gov) (Click on Home Sealing under Home Improvement link)
- [www.eere.energy.gov/consumer/tips/air\\_leaks.html](http://www.eere.energy.gov/consumer/tips/air_leaks.html)

#### **Home Energy Ratings and Related Services**

- [www.natresnet.org/programs/providers/directory.htm](http://www.natresnet.org/programs/providers/directory.htm).

#### **Information on Qualifying Roofs**

- [www.energystar.gov](http://www.energystar.gov) (Click on Products and Roof Products link)

*The information provided is our summary of the Energy Policy Act of 2005 and is not to be viewed as tax advice, nor should it be used as the sole source of information for tax purposes. Consult your tax professional for official guidance concerning your specific circumstances. You may also refer to Internal Revenue Service guidance on [www.irs.gov](http://www.irs.gov).*

