

# 30% CREDIT FOR GEOTHERMAL HEAT PUMPS

Residential geothermal heat pumps installed between Jan. 1, 2009 and on or before Dec. 31, 2016 qualify for a 30% tax credit, including installation and labor costs, with no upper limit. All ENERGY STAR® rated geothermal heat pumps are eligible for the tax credit.

Geothermal heat pumps are similar to ordinary heat pumps, but use the ground instead of outside air to provide heating, air conditioning and hot water. Because they use the earth's natural heat, they have documented efficiencies of up to 400% and are among the most efficient and comfortable heating and cooling technologies available.

Contact the energy experts at your local Touchstone Energy® Cooperative for help determining the right heating solution.




# HOW TO CLAIM YOUR TAX CREDITS

Tax credits are beneficial because they directly reduce, dollar for dollar, any federal income taxes you owe.

The tax credits discussed in this brochure are applicable to improvements placed in service from Jan. 1, 2011 through Dec. 31, 2011. The IRS defines "placed in service" as when products or materials are ready, installed and available for use.

Be sure to keep your receipts and your Manufacturer's Certification Statement (manufacturers must certify, in packaging or on the company's website, which products qualify for the tax credit). Claim the credit on your taxes using IRS Form 5695. **Consult your accountant or tax professional for more guidance on individual returns.**

Rev. 03/2011



# 2011 FEDERAL TAX CREDITS FOR ENERGY EFFICIENCY UPGRADES



Save money—on your taxes and your energy bill. Federal tax credits are available for some home energy efficiency improvements.



Touchstone Energy®  
Cooperatives

**TOGETHERWESAVE**

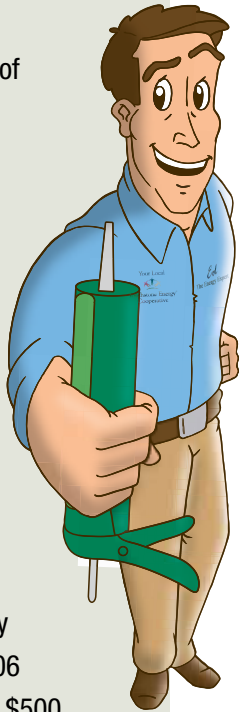
# IN 2011 EFFICIENCY CREDITS DROP, BUT DON'T DISAPPEAR — TAX CREDITS OF 10% OF THE COST OF IMPROVEMENTS FOR CERTAIN ENERGY EFFICIENT PRODUCTS ARE STILL AVAILABLE

Energy efficiency improvements are great for:

- lowering energy bills
- making your home more comfortable and
- saving the environment.

Since 2005, Congress has enacted a series of tax breaks for consumers who take steps to make their homes more energy efficient. In December, Congress approved extending some popular efficiency tax credits through Dec. 31, 2011, although at reduced levels.

The credit applies to energy efficiency improvements in the building envelope of existing homes and for the purchase of high-efficiency heating, cooling and water-heating equipment. The total lifetime credit that can be claimed on energy efficiency improvements made between 2006 and 2011 has been reduced from \$1,500 to \$500.



The maximum tax credit for all improvements made in 2011 is 10% of the cost—up to \$500—including tax credits for any improvements made in 2006–2010. There are also maximum allowances for different upgrades. Eligible products and qualifications include:

- **Insulation materials (\$500):** Typical bulk insulation products can qualify, such as batts, rolls, blow-in fibers, rigid boards, expanding spray, and pour-in-place. Also includes products that reduce air leaks including weather stripping, spray foam, caulk and house wrap.
- **Windows (\$200):** All ENERGY STAR® windows now qualify.
- **Doors and skylights (\$500):** Must have U-factor and Solar Heat Gain Coefficient (SHGC) ratings of less than or equal to 0.30.
- **Fossil fuel water heaters (\$300):** Energy Factor  $\geq 0.82$  OR a thermal efficiency of at least 90%.
- **Electric heat pump water heaters (\$500):** Energy Factor  $\geq 2.0$ . Tax credit includes installation costs.
- **Furnaces (\$150):** Must have at least 95% (up from 90%) annual fuel utilization efficiency (AFUE). Oil furnaces and boilers were returned to the single furnace category at 95% AFUE.
- **Advanced main air circulating fan (\$50):** Must utilize less than 2% of a furnace's total energy consumption.
- **Central air conditioner (\$300):** Split systems must have a seasonal energy efficiency ratio (SEER) of at least 16 and an energy efficiency rating (EER) of at least 13. (Package systems: SEER  $\geq 14$ , EER  $\geq 12$ )
- **Air source heat pump (\$300):** Split systems must have at least a heating seasonal performance factor (HSPF) of 8.5, EER of 12.5, and SEER of 15. (Package systems: HSPF  $\geq 8$ , EER  $\geq 12$ , SEER  $\geq 14$ )
- **Biomass fuel stove (\$300):** Must have a thermal efficiency rating of at least 75%.

This list is only a guide. For more information on qualifying products and restrictions, visit [EnergyStar.gov/taxcredits](http://EnergyStar.gov/taxcredits).