

2011 NEW HVAC ENERGY TAX LAW CREDIT – SIGNED 12-20-2010

Included in the new law are the Section 25c tax credits, the official name for the energy tax credits available to eligible taxpayers who make qualified energy efficient retrofits to their homes. The tax credits are extended through 2011, but at a significantly reduced value and with changes made to some of the qualifying equipment standards.

Starting on January 1, 2011 and through December 31, 2011, an eligible homeowner can claim 10% of the costs, capped at \$500, for the installation of qualified energy efficient improvements, subject to certain limits.

Under the new law, for HVAC and hot water equipment, the maximum a homeowner could claim is \$300 for a qualified central air conditioner and heat pump, and \$150 for a qualified furnace or hot water boiler, and \$50 for any advanced main air circulating fan. The tax credit for qualified hot water heaters is limited to \$300.

Beyond the change to the tax credit values, the new law will increase the qualifying standards for natural gas hot water boilers, propane hot water boilers, oil furnaces, and oil hot water boilers to 95% AFUE. The qualifying standards for natural gas furnaces and propane furnace remain at 95% AFUE.

The qualifying standard for central air conditioners and heat pumps, which were modified by the Stimulus bill in 2009, are not changed. Therefore, a central air conditioner must meet or exceed 16 SEER and 13 EER; and an air source heat pump must meet or exceed 15 SEER and 12.5 EER and 8.5 HSPF, in order to qualify for the tax credit.

Finally, the new law reinstates the lifetime credit caps, which disqualify any homeowner who has claimed more than \$500 in 25c tax credits since January 1, 2005, from any further credits.