

What Northern Michigan Homeowners Need to Know About Energy Tax Credits from The American Recovery & Reinvestment Act of 2009

I'm a Northern Michigan homeowner and need improvements to my home's heating and cooling system. How do the Stimulus Bill energy tax credits help me?

- The maximum credit for your primary residence is capped at 30% – up to a maximum of \$1,500 – of your energy efficient improvement cost (including installation) to your primary residence. This means that energy efficient improvements up to \$5,000 qualify for the tax credit.
- However, Geothermal systems do not have a dollar cap and you are credited for the entire 30% of the total cost including installation. **This means thousands of dollars of additional savings** on your Geothermal system – not to mention the significant monthly savings in reduced utility bills.
- Also, you can install a Geothermal system in a home that is not your primary residence and still take the tax credit. This is the only exception to that rule.
- *To learn about Geothermal systems, visit www.sherenplumbingheating.com/residential or call 231.943.7916.*

Is Sheren offering any savings in addition to the tax credit that I can't get with any other heating and cooling services company in Northern Michigan?

- Yes. In addition to the maximum \$1,500 tax credit, **Sheren is offering up to an additional \$1,200 in Carrier Cool Cash Rebates** for qualifying systems and parts.
- Plus, each purchase and installation of a new heating and cooling system comes with a **free basic duct cleaning, a value of \$399**.
- **Sheren can also help you claim a MichCon rebate for \$250** on high efficiency furnaces.
- **That's a combined savings value of up to \$3,349!**
- Sheren also offers Carrier's special financing:
12 Months, Same as Cash – OR – 6 Months, No Payments, Same as Cash.
- Sheren provides an unbeatable **10-year parts and labor warranty on Carrier furnaces** (except Carrier's base model).
- Also, Sheren's tax credit and rebate experts will help you with any paperwork and walk you through the entire process. The Sheren Team is always here for you, even after the sale and installation.
- Sheren is different from other heating and cooling companies when it comes to quality, service, training and experience. To learn more about the Sheren Difference, visit www.sherenplumbingheating.com.



Can Sheren guarantee that I will definitely qualify for the tax credit?

- No. Each taxpayer's situation is different. We do not know if you have already made other improvements that qualify, or if your tax situation will change by the end of the tax year. But we can tell you that by installing qualified equipment, you may be qualified to claim 30% of the installed costs (up to a \$1,500 limit) in tax credits.

What's the difference between a tax credit and a tax deduction?

- Well, a tax deduction means that you can use the amount claimed as a deduction to offset your taxable income. However, a tax credit means that you offset your tax liability.
- For example, if you were eligible to take the maximum \$1,500 energy tax credit on a new Sheren installation, it would reduce your tax liability – the amount you owe in taxes – by \$1,500. That's a lot better than it being used as a deduction where you'd simply reduce your taxable income by \$1,500 and then calculate the tax liability on the taxable income.

How long is the tax credit offer good for?

- The energy tax credit for new water heaters (gas, propane or oil), central air conditioners, furnaces (gas, propane or oil), heat pumps (electric) and boilers (gas, propane or oil) are available for installations made during 2009 and 2010 (from 1/1/09 through 12/31/10). Solar water heating and electric systems and Geothermal heat pump installations made from 1/1/09 through 12/31/16 are eligible for the tax credit.

Can I claim \$1,500 in tax credits for improvements made in 2009 and again for improvements made in 2010?

- No. Taxpayers may be eligible for a total of \$1,500 in tax credits for qualifying HVAC improvements made in the combined two-year period of 2009 and 2010.

Can I claim the entire \$1,500 credit for the installation of one appliance?

- Yes. A homeowner may use the entire \$1,500 tax credit for installing a single qualified appliance, such as a qualified furnace, air conditioner or heat pump, if the install cost is at least \$5,000. If a homeowner replaced multiple appliances at the primary residence (i.e., two air conditioning systems, etc), the maximum credit would still be \$1,500.

What happens if my purchase is not large enough to qualify for the maximum credit of \$1,500? Is the remaining credit still available for future purchases?

- You can claim the remaining available tax credit if you purchase additional qualified improvements for installation before December 31, 2010. Any single qualifying installation that costs more than \$5,000 will reach the \$1,500 tax credit limit.

Does the tax credit apply to the cost of the equipment only or does the cost of installation labor qualify for the credit too?

- The tax credit applies to the installed costs of the qualified equipment, which includes labor associated with the installation of the qualifying equipment.

How will I claim the tax credit and receive my money?

- In the past, the IRS has directed taxpayers to use Form 5695 Version 2009 (expected to be available toward the end of 2009), Residential Energy Efficient Property Credit. Taxpayers are not required to file anything more than the form, but are instructed to keep records of their installation.

What if I already claimed \$500 in tax credits in 2006 or 2007?

- The "lifetime caps" that used to be in place have been removed. Any previous claims for equipment installed before 2009 do not count against the current \$1,500 tax credit limit.

Can a small business that operates out of a townhouse and uses residential equipment in a commercial setting claim the credit?

- No. The tax credit may only be claimed by taxpayers on their personal income taxes for improvements to their primary residence (Geothermal systems are the only exception to this rule where the tax credit can be applied to non-primary residences).

What other types of energy efficiency improvements qualify for the tax credits?

- Homeowners may be able to qualify for the tax credits if they make qualified improvements to: windows and doors including skylights, storm windows and storm doors; roofing including metal and asphalt roofs; and insulation. All of these improvements qualify, but the homeowner may only claim \$1,500 in total for all improvements (except Geothermal, for which there is no dollar cap).

Is there anything else I need to know about tax credits for energy efficient home improvements?

- Yes. First, this credit goes with the taxpayer and not the residence. Once you've reached the maximum credit limit, you are done. You can't maximize the credit on your current principal residence, move and take another energy credit.
- Secondly, the tax credit for non-solar water heating and HVAC equipment is available only for existing homes. A separate \$2,000 tax credit is available for building a new energy-efficient home.
- Lastly, if the tax credit you take exceeds your tax liability for the year, the excess amount will be carried forward to the next tax year. You will not receive a refund of the excess.
- For more information about energy tax credits from The American Recovery & Reinvestment Act of 2009, call the Sheren experts at 231.943.7916, visit www.energystar.gov or call the ENERGY STAR Hotline at (888)STAR-YES / (888.782.7937).