

"ENERGY TAX CREDIT"

What does the American Recovery & Re-investment Act have to do with Windows?

The American Recovery & Reinvestment Act (ARRA) provides a consumer tax credit of 30%, up to \$1,500, for remodeling projects that improve the energy efficiency of an existing home, including the purchase of energy efficient windows and doors.

What is the Energy Tax Credit for windows and doors?

Individuals are eligible for the Federal Tax Credit as provided in the "Stimulus Package" if they purchase and install qualified replacement windows or doors between Jan. 1, 2009 and Dec. 31, 2010. In order to qualify, replacement windows and doors must meet to established guidelines, of a U-value and Solar Heat Gain Co-efficient of 0.30 or below.

Your applicable tax credit will be 30% of your purchase price of qualifying products, up to \$1,500 total credit for all home improvement projects. The purchase of the qualified windows must be made during the taxable year for which the credit is being applied, and can only be applied against the price of the qualified windows themselves, it cannot be applied to installation costs, product assembly or sales tax.

How can you benefit from the Energy Tax incentive?

If you are planning to purchase replacement windows or doors, the energy tax incentive included in the ARRA of 2009 will save you money by applying a tax credit up to \$1,500 to your federal tax return, provided you choose qualified products. The \$1,500 tax credit is not a deduction. Deductions are used to calculate your total taxable income. This new tax credit is much more advantageous than a deduction because it is not based on your specific tax bracket, but the qualifying products you purchase.

You simply apply the tax credit to either the amount you owe to the IRS, or the refund amount that the IRS owes you. For example: if you owe the IRS \$2,000 and can apply the \$1,500 full amount of energy tax credit, the amount you will owe will only be \$500. If you have a refund due of \$2,000 and can apply the full \$1,500 tax credit, your refund will increase to \$3,500. If you purchase qualified replacement windows and doors before Dec. 31, 2010, you will be able to take advantage of this tax credit.

How can you claim the Energy Tax incentive benefit?

Compliance with the requirements to apply the tax credit is easy. Your applicable tax credit will be 30% of your purchase price, up to a \$1,500 total credit for all home improvement projects. To take advantage of the tax credit, make sure your supplier orders products that meet the specific guidelines.

Document your purchase by saving the Energy Star* rating labels found on qualified products for your tax records. Complete IRS Form 5695 (available late 2009 or early 2010) and submit it along with your purchase receipt and the **Manufacturer's Certification Statement** when you are filing your federal income tax return.

Why invest in windows and doors?

Investing in your home is always a good idea, especially in today's economy. There are several advantages to purchasing energy efficient windows and doors, over other home improvements like adding insulation or a new air conditioning system.

Experts rank replacement windows as having one of the highest (return on investment) of all home improvement projects. Energy efficient replacement windows and doors start helping reduce your heating and cooling costs as soon as they are installed. What's more, there are a wide variety of window shapes and styles to enhance the curb appeal of your home.