



Profit Coach Reminder
January 2006

Federal Energy Policy Tax Credits

The Energy Policy Act of 2005 contains a number of provisions for the residential and commercial heating and air conditioning industry. Energy efficient home improvements meeting specific requirements will qualify for federal tax credits of up to \$500.00, providing that the improvements are made between January 1, 2006 and December 31, 2007. Unlike tax deductions, tax credits are a dollar for dollar reduction of a homeowner's federal tax liability, and as a result they should be viewed as a reduction of the investment in new high efficiency heating and/or cooling equipment. Since other home improvements such as windows, roofing, and insulation are included in this legislation, it is important to inform prospective customers that the maximum credit per residence cannot exceed \$500.00. A preliminary list of qualifying HVAC products is as follows:

Central AC	SEER 15 split Systems	\$300
	SEER 14 package systems	
Air source heat pumps	HSPF 13 SEER 15	\$300
Geothermal heat pump	COP 3.3 closed loop	\$300
	COP 3.6 open loop	
	COP 3.5 direct expansion	
Gas, oil, propane water heater	Energy Factor 0.80	\$300
Electric heat pump water heater	Energy Factor 2.0	\$300
Gas, oil, propane furnace or hot water boiler	AFUE 95	\$150
Advanced main air circulating fan	No more than 2% of furnace total energy use	\$50

Clarification of qualifying products and services is the responsibility of the Internal Revenue Service and as of this time, they have not made a final ruling. This is an important point to cover with all prospective clients. Updates will be posted at www.energystar.gov or www.energy.gov when they become available. Additionally, some states have also enacted energy legislation that will result in available rebates and/or tax incentives. Check with your state's energy office web site to access these programs.



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Home builder tax credits of \$2000.00 are available and all residential new construction dealers should discuss them with the general contractors they work with. There are also tax credits for owners or designers of new or existing commercial buildings. The qualifications for both of these incentives are more detailed; specific information is available at the web sites mentioned above.

Energy costs are once again on the minds of many homeowners, and this new energy legislation offers an additional incentive for our customers to upgrade to quality, high efficiency products. By focusing on these points, we can be assured of their satisfaction in choosing our company to meet their needs both now and in the future.

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