



2011 Federal Energy Tax Credits for HVAC (Heating, Ventilation, & Air Conditioning)

On December 17, 2010 the "Middle Class Tax Relief Act of 2010" HR4835 was signed into law by President Obama and included in this bill was a 1-year extension of the 25c Tax Credits. The tax credits known as 25c are extended through 2011, but at a significantly reduced value and with changes made to some of the qualifying equipment standards. The new tax credits begin on January 1, 2011 and last through December 31, 2011. The main difference is an eligible homeowner can now claim 10% of the costs for the installation of qualified energy efficient improvements, capped at \$500 and reinstated the 2005 taxpayer lifetime credit cap at \$500.

Under the new law the maximum a homeowner could claim on HVAC equipment is:

- \$300 for a qualified central air conditioner and heat pump (HVAC and hot water equipments)
- \$150 for a qualified furnace or hot water boiler
- \$50 for any advanced main air circulating fan.
- The new law will also increase the qualifying standards for hot water boilers, including natural gas, propane, oil furnaces, and oil 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.
- The major difference is the new law reinstates the lifetime credit caps of 2005. This means any homeowner who has claimed more than \$500 in 25C tax credits since January 1, 2005, **is disqualified from any further credits.**
- We are providing this information to you as a courtesy and should not be considered tax or accounting advice. We urge you to consult an accountant or tax attorney if you wish to have certainty about your tax claims or questions regarding the new Federal Tax Credit Levels for 2011.

A handwritten signature in blue ink that reads "Larry Pittman".

Larry Pittman
Director of Operations & Product Management
Tradewinds Distributing Co., LLC