

# Federal Tax Credits Extended for 2011

**The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 signed by President Obama on December 17, 2010, extended tax credits for qualifying energy-efficient, residential water heaters and boilers placed in service between January 1, 2011 and December 31, 2011. The structure is similar to the 2009-2010 American Recovery and Reinvestment Act, however, the credit amount has changed. Water heaters are still required to have an energy factor  $\geq 0.82$  or a thermal efficiency  $\geq 90\%$ , and boilers must have an AFUE  $\geq 95$ .**

## Effective Dates

January 1, 2011 through December 31, 2011.

## Product Qualifications and Credit Amount

- Product: Tankless Water Heaters
- Qualifications: Energy factor (EF)  $\geq 0.82$
- Credit Amount: \$300

## Guidelines

- The water heater or boiler must be “placed in service” between January 1, 2011 and December 31, 2011. The IRS defines “placed in service” as when the product is ready and available for use.
- The tankless water heater or boiler must be installed in or on the taxpayers’ principal residence in the United States.
- The tax credit is ONLY available for existing homes.
- There is an overall cap of \$500 for fiscal years 2006 – 2011 combined. If you have ever claimed this credit in the past, it counts toward the \$500 cap (but does not affect the \$1500 limit available for 2009 and 2010). So, for example, if you claimed \$300 in 2007, you can only claim \$200 in 2011; if you claimed \$800 in 2009, you cannot claim any more credit.

## How to Claim Your Tax Credit for 2011

- Purchase and install a qualifying tankless water heater or boiler between Jan. 1, 2011 - Dec. 31, 2011
- Save your proof of purchase along with a copy of the 2011 Manufacturer’s Certification Statement (available soon).
- When filing your 2011 taxes, use IRS Form 5695 (2011 version) - it will be available late 2011 or early 2012. Consult a tax professional for further details.