

Wednesday, November 4, 2009

## 30% off energy saving home improvements - It's like a double coupon day at your home-improvement store

As the seasons change, our home energy needs change as well. Often we think about projects we want to accomplish before the snow flies, when it isn't raining, and when it's not too hot. Although the weather never seems to be just right, now the weather of 'tax policy' is sunny and beautiful for making many types of home improvements.

You may have used the 10% tax credit up to \$500 (\$200 for windows) offered in 2006 and 2007 for qualified energy saving improvements to your home. Congress has renewed and expanded this credit providing a real incentive to make some energy saving improvements in 2009 and 2010. As the commercials on TV state, the credit has been expanded to 30% of the cost of these improvements up to \$1,500. Now some of the projects you put off before are worth getting finished before the end of 2010. Let's look at some of the specifics:

There are up to \$1,500 in combined total credits available for improvements to your principle residence (not a vacation home or rental house) if certain energy efficiency standards are met. The improvements must be to the 'building envelope' (outside openings, walls & roof) or for residential energy property (furnace, hot water heater, air-conditioner, etc.).

The credit is 30% of the amount spent on energy-saving products, but limited to \$1,500. The credit is 'nonrefundable' which means it will reduce your taxes, but not below zero. However, if you cannot use all of the credit in the first year, you may qualify to carry forward a portion of this credit into the next tax year.

For improvements to the building envelope, only materials are covered by the credit, not the cost of assembly or installation. You are not required to have these installed by a contractor, so if you have the skills, you may save money by installing the materials yourself. This includes insulation, exterior caulking, weather stripping, and installation of doors and windows.

For energy property, such as furnaces and hot water heaters, installation costs can be included when evaluating the credit.

Since the improvements must meet certain energy standards, be sure that you receive and retain a certificate from the manufacturer stating that the products meet the requirements to claim the credit.

If you live in Michigan and meet the income requirements (\$ 37,500 or less in income for a single person and \$ 75,000 or less in income for a married couple), you may qualify for an additional state income tax credit for 10% of the installed cost of certain energy saving products or improvements. For specific information, see [our website](#).

As you can see, the tax incentive for making these improvements is significantly greater in 2009-2010 than it was in 2006-2007. This credit, combined with the new Michigan energy credit and savings in heating and cooling costs, means that you “break even” on your investment sooner.

Does going green make financial sense for you? Let us help you answer that question. Give us a call at 616-456-6464, Monday through Friday 8:00am – 5:00pm. We will be happy to help you.