

# The American Recovery and Reinvestment Act of 2009



## Understanding Federal Tax Credits and Qualifying HVAC Systems

On February 17, 2009, President Obama signed a stimulus bill that made significant changes to the IRS energy efficiency credits. The highlights are:

- Tax credits have been extended on installations placed in service from January 1, 2009 - December 31, 2010.
- Tax credits of specific dollar amounts are now up to 30% of the installation.
- The maximum credit has been raised from \$500 to up to \$1,500.
- If you received a energy tax credit in 2006 or 2007, you are still eligible for this program.
- The homeowner may apply for the tax credit using one qualifying product.

So, what is a tax credit? A tax credit is generally more valuable than a tax deduction or tax allowance. A tax credit directly reduces tax, while a tax deduction reduces taxable income. A tax credit is more money back in your pocket.

### Refundable versus Non-refundable Tax Credits

There are two general categories for tax credits: refundable and non-refundable. The vast majority of tax credits are non-refundable, in that they can reduce your tax liability to zero, but not below. In contrast, a *refundable* tax credit can reduce your tax liability *below* zero. **The Residential Energy Tax Credit of 2009 works the same as in 2006 & 2007, therefore it is a non-refundable tax credit.** Upstate Systems encourages you to advise your customers to consult with their tax advisors regarding this tax credit.

Upstate Systems distributes many products that meet or exceed the minimum requirements which qualify for the 2009 Energy Tax Credit. **All** of our hi-efficiency furnaces are 95% AFUE or above, even our single stage models. Air conditioners and heat pumps must be properly matched to ARI rated coils and variable speed indoor products in order to achieve the SEER and EER requirements. Rated system certificates can be found at <http://www.ahridirectory.org>. Our sales staff will also be glad to help you configure ARI rated systems that qualify for the tax credit. Please make them aware you are looking for a Federal Tax Credit rated system when you request a quote or place an order.

Visit <http://www.energytaxincentives.org> for more details on the American Recovery and Reinvestment Tax Act of 2009. **Consumers should consult with their tax advisors to determine if they qualify for a tax credit.**

## FURNACES AIR CONDITIONERS HEAT PUMPS

Minimum requirements-

### Condensing Units

16 SEER & 13 EER

### Heat Pumps

15 SEER, 12.5 SEER, 8.5 HSPF

### Gas Furnaces

95% AFUE

### Advance Main Circulating Fan

<2% of furnace total energy use