



## **Tankless Water Heater**

# **Tax Credit Guidelines**

### **From the Energy Tax Incentive Act of 2005 – Personal Energy Credits for Non-business Use**

1313. Nonbusiness Energy Property Credit. A tax credit is available to individuals for the installation of nonbusiness energy property, such as residential exterior doors and windows, insulation, heat pumps, furnaces, central air conditioners and water heaters (Code Sec. 25C, as added by the Energy Tax Incentives Act of 2005 (P.L. 109-58)). The credit is equal to the taxpayer's: (1) residential energy property expenditures plus (2) 10 percent of the cost of qualified energy efficiency improvements. The credit is limited to a lifetime maximum of \$500 and no more than: \$200 of the credit can be based on expenditures for windows; \$50 of the credit on any advanced main air circulating fans; \$150 of the credit on any qualified natural gas, propane, or oil furnace or hot water boiler, and \$300 of the credit on any item of energy-efficient building property. The credit applies to qualified energy efficiency improvements and qualified energy property placed in service in 2006 and 2007. The property must be installed in, or on a dwelling unit in the United States that is owned and used by the taxpayer as the taxpayer's principal residence and originally placed in service by the taxpayer. Residential, energy property expenditures (heat pumps, furnaces, central air conditioners and water heaters) may include labor costs.