

This could be the perfect time to replace an older, inefficient air-conditioning system or your leaky windows and doors. So many stores have reduced their prices to boost sales. And if you buy super-efficient models, you could qualify for up to \$1,500 in new federal tax credits.

The tax credits apply to windows, doors, insulation, metal and asphalt roofs, heating and air-conditioning systems and some water heaters. Solar panels and some alternative-energy systems qualify for even more.

But the credits don't apply to every product in those categories. The tax credits, created by President Barack Obama's economic stimulus plan, have strings attached.

To get the most from the credits — and to prevent misunderstandings later — do some homework before settling on a product. Some tips:

» You can take a tax credit for some alternative-energy products that you install in a new home, but the credit for most energy-efficient home improvements is only for those that make your existing home more efficient.

» The credit isn't for a flat \$1,500. You can claim a tax credit on 30 percent of the cost of the windows, water heater and other products that qualify, up to \$1,500 altogether. So you have to spend \$5,000 on energy-efficient improvements to claim a tax credit of \$1,500. If you buy \$3,500 worth of windows, for example, your credit will be only \$1,050.

» You can't count the cost of installation when you apply the tax credit to your new windows, doors, insulation or roof. The benefit is for products only. That means you have to ask the salesperson to separate installation costs from the price of the product alone. That could prove tricky when you buy windows or a roof because most companies lump both expenses into one "installed" price. The good news: Installation does qualify for the tax credit if you're buying a new air-conditioning or heating system, a water heater, solar panel, geothermal heat pump or a wind-



## ON THE HOUSE

ROSIE ROMERO

energy system.

» Not every energy-efficient product in the qualifying categories is eligible for the tax credit. In fact, even some of the super-efficient products that have earned the government's Energy Star label do not qualify for the tax credit. So if you want to claim the credit, you'll have to buy specific products with specific energy ratings. Your salesperson will probably know which windows, air-conditioning systems, water heaters and other products qualify — but double-check with the manufacturer of the product just to be sure. For every product that qualifies, the manufacturer offers a certificate that proves that the product meets the requirements — and you can download that certificate from the company's Web site. Save it, along with your sales receipt and the label on the product that explains its energy-efficient qualities. You'll need that if the IRS has a question about your claim later.

» Many products that qualify for the tax credits are expensive because they feature the latest, most efficient technology. Before you buy a higher-end product you ordinarily wouldn't consider, weigh its cost against the savings you'll reap from the tax credit. Factor in how much you'll save on your energy bills if you replace an older, inefficient model with a new one that will cost less to operate over the years.

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For more tips, go to [rosieonthehouse.com](http://rosieonthehouse.com). Romero is an Arizona contractor in the home-building and -remodeling industry for 35 years. He has a radio program 8-11 a.m. Saturdays on KTAR-FM (92.3) in Phoenix, KQNA-AM (1130) in Prescott and KAZM-AM (780) in Sedona, and 10 a.m.-noon Saturdays on KNST-AM (790) in Tucson.