Tax Credits Provide Incentive For Window Replacement Projects

As a result of the stimulus bill, homeowners can claim a tax credit of up to $1,500 for upgrading their primary residences with energy-efficient appliances and building components, such as **exterior windows, doors, and skylights**. This way, homeowners can reduce their income taxes by up to 30 percent of the purchase price (not including installation costs) to qualified products installed in 2009 and 2010.

The tax credit helps you save money on the purchase of windows, doors, or skylights, but the real savings are what you'll realize in terms of the long-term reduction in energy bills. Upgrading to energy-efficient windows and doors can save homeowners hundreds of dollars in heating and cooling costs each year.* And, of course, more efficient windows and doors also substantially enhance comfort, reduce condensation, and help to protect the environment and conserve limited resources.

What are the qualifying criteria? U-Factor <= 0.30, SHGC <= 0.30

In order to qualify, windows, doors, and skylights must be accompanied with a signed statement from the manufacturer which certifies that the product complies with the tax credit criteria. Qualified windows, doors, and skylights need to have NFRC-certified U-Factor and Solar Heat Gain Coefficient (SHGC) ratings that do not exceed 0.30.

These criteria apply throughout the United States. A low U-Factor indicates good insulating value, which is particularly important in cold climates, whereas a low SHGC indicates less solar heat gain, which is particularly important in climates with high cooling demand. U-Factor and SHGC ratings can be found on the NFRC label. An example of the label is shown on the back page (although this example would not qualify for the tax credit).

Tax Credit for Efficient Windows, Doors, and Skylights

- Installed in 2009 and 2010
- 30 percent of purchase price
- Maximum credit: $1,500 for qualified energy efficiency improvements (including windows, doors, and skylights)
- NFRC-certified energy ratings:
  - U-Factor of 0.30 or less
  - Solar Heat Gain Coefficient (SHGC) of 0.30 or less

The IRS form for requesting the home improvements tax credit is IRS Form 5695 (2009 version), which will be available in late 2009 or early 2010.

Homeowners should keep the manufacturer's certification statement with their records but are not required to submit it with their tax returns.

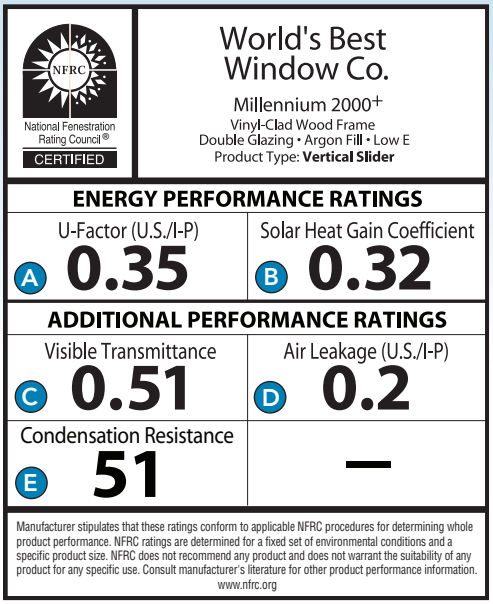
(Over)

** View estimated savings on the ENERGY STAR® site: http://www.energystar.gov/index.cfm?c=windows_doors.pr_savemoney. Actual savings will vary by climate region and home characteristics.*

NFRC administers an independent, uniform rating and labeling system for the energy performance of fenestration products, including windows, curtain walls, doors, skylights, and attachments. For more information on NFRC, please visit our Web site at www.nfrc.org or contact NFRC directly at 301-589-1776.

You may also contact NFRC's Communications and Marketing Manager, Tom Herron, at therron@nfrc.org.

Understanding the NFRC Label



A ***U-Factor*** *measures how well a product prevents heat from escaping a home or building. U-Factor ratings generally fall between 0.20 and 1.20. The lower the U-Factor, the better a product is at keeping heat in. U-Factor is particularly important during the winter heating season. This label displays U-Factor in U.S. units. Labels on products sold in markets outside the United States may display U-Factor in metric units.*

B ***Solar Heat Gain Coefficient*** *(SHGC) measures how well a product blocks heat from the sun. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the better a product is at blocking unwanted heat gain. Blocking solar heat gain is particularly important during the summer cooling season.*

C ***Visible Transmittance*** *(VT) measures how much light comes through a product. VT is expressed as a number between 0 and 1. The higher the VT, the higher the potential for daylighting.*

D ***Air Leakage*** *(AL) measures how much outside air comes into a home or building through a product. AL rates typically fall in a range between 0.1 and 0.3. The lower the AL, the better a product is at keeping air out. AL is an optional rating, and manufacturers can choose not to include it on their labels. This label displays AL in U.S. units. Labels on products sold in markets outside the United States may display AL in metric units.*

E ***Condensation Resistance*** *(CR) measures how well a product resists the formation of condensation. CR is expressed as a number between 1 and 100. The higher the number, the better a product is able to resist condensation. CR is an optional rating, and manufacturers can choose not to include it on their NFRC labels.*

Overall information on the tax credit

This document is not intended to constitute legal or tax advice. More comprehensive information will be made available by the IRS. Individuals should consult their own independent tax advisers.

For more information on the tax credit for new windows and other energy improvements, please view:

- The Alliance to Save Energy site: **www.ase.org/content/article/detail/2654**
- The ENERGY STAR site: **www.energystar.gov/index.cfm?c=products.pr_tax_credits**