

**TAX CREDITS ARE AVAILABLE FOR 2013 AND RETROACTIVE TO JANUARY 1, 2012.**

**YOUR CARRIER® SYSTEM PURCHASE COULD GET YOU UP TO \$500 IN FEDERAL TAX CREDITS**

The American Taxpayer Relief Act of 2012 passed in January 2013 retroactively extends tax credits for homeowners replacing heating and cooling equipment for their primary residence with qualifying, high-efficiency products. Tax credits, unlike deductions, are subtracted directly from your personal income tax liability. For example, if you complete your tax return and calculate that your tax liability is \$2,000, a tax credit of \$500 may reduce your tax liability to only \$1,500. Be sure to check with your tax advisor to determine eligibility for and how to best take advantage of the tax credits.

**HERE'S HOW IT WORKS**

Product purchase must be for your principal residence and be "placed in service" between January 1, 2012 and December 31, 2013. According to the IRS "placed in service" means when the original installation of the product is completed.

- System components must meet efficiency levels set by the Federal government. Note that NOT all ENERGY STAR® qualified products are eligible.

<b>Product Type</b>	<b>Efficiency Requirements</b>	<b>Maximum Tax Credit Available</b>
Gas & Oil Furnaces and Boilers	95% AFUE	\$150
Air Conditioners	16 SEER / 13 EER	\$300
Heat Pumps	15 SEER / 12.5 EER / 8.5 HSPF	\$300
Packaged Air Conditioners	14 SEER / 12 EER	\$300
Packaged Heat Pumps	14 SEER / 12 EER / 8 HSPF	\$300
Advanced Main Air Circulating Fan		\$50
Geothermal . . . . .		(see below)

- Claims cannot exceed the cumulative limit of \$500 for all tax credits claimed for the years 2006 through 2013 (Section 25C of the tax code). So if you've made other home improvements qualifying for tax credits under the previous Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, the American Recovery and Reinvestment Act of 2009 or the Energy Policy Act of 2005 which made credits available in 2006 and you've already received tax credits of \$500 or more, you will not qualify.
- You will need to file IRS form 5695 with your tax return. You will also be required to have proof in the form of a signed statement from the manufacturer certifying the product qualifies, which can be obtained from your installing dealer. This should be kept in case of future audit but does not have to be submitted with the return.

**GEOTHERMAL TAX CREDITS**

The current geothermal tax credits are unaffected by these changes and remain in place as is through 12/31/2016.

Geothermal heat pumps placed in service starting in 2009 are eligible for a tax credit equal to 30 percent of their installed cost, with no maximum.

To be eligible for the tax credit, it must meet these ENERGY STAR criteria:

- Closed-loop, water-to-air system: 17.1 EER and a minimum 3.6 COP
- Open-loop, water-to-air system: 21.1 EER and a minimum 4.1 COP
- Closed-loop, water-to-water system: 16.1 EER and a minimum 3.1 COP
- Open-loop, water-to-water system: 20.1 EER and a minimum 3.5 COP

**FOR MORE INFORMATION**

You can find more information at <http://www.irs.gov/>.

Note: this bulletin is for discussion purposes only and is general in nature. This is not to be considered tax nor legal advice. See your tax professional to determine how these credits would apply in your circumstance.