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# GO GREEN

With Residential Geothermal Heating And Cooling Incentives

As energy efficiency becomes an urgent national priority, new legislation qualifies geothermal heat pumps for federal tax credits as a renewable energy source.



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Residential geothermal heat pumps installed between Jan 1, 2009 and Dec 31, 2016 may be eligible for a tax credit equal to 30% of the installed cost—an immense cost savings that can be combined with state and local incentives.

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## About Geothermal Heat Pump Opportunities

Recent Congressional legislation has improved the tax credit for the installation of residential geothermal heat pumps. With the new laws, a residential customer who installs a geothermal heat pump may be eligible for a tax credit of 30% of the installed cost of the system, with no limit in place. Geothermal heat pumps are a cost-effective solution to reducing a home's reliance on fossil fuels by harnessing the natural power of the earth to both heat and cool one's home all year long. The government strongly encourages homeowners to invest in renewable energy technology, and these incentives make owning your own heat pump system more affordable than ever.

## Available Government Incentives

As part of the economic rescue bill (H.R. 1424) passed in October 2008, a residential system installed and placed in service between January 1, 2009 and December 31, 2016 was previously eligible for a tax credit equal to 30% of the installed cost of the system up to a cap of \$2,000 for a single residence. The Stimulus Bill signed in 2009 by President Obama improves that tax credit and removes any cap from the incentive. A homeowner is no longer limited, and may collect the full 30% of the installed system cost as a tax credit for systems that are installed after January 1, 2009. In addition, if a homeowner is not able to use the entire tax credit in the year the system is installed, they may carry the unused portion of the credit into the next year.

## Additional State, County And Local Incentives

Federal incentives can also be combined with grants and other rebates from state, county and local governments that encourage the use of renewable energy.

For example, if the installed cost of your heat pump is \$15,000 and you live in Northwest Florida, you would be eligible for a \$1,200 rebate from your utility company and exempt from sales tax and property tax for the equipment and increased value of your home. You would be eligible for \$4,140 in federal tax credits after other rebates were considered, making your total cost just under \$10,000.\*

With so many incentives in place, it has never been easier or more affordable to put geothermal technology to work in your home, lowering your energy bills and saving you money every day of the week. Talk to your FHP-Bosch Group representative today to discuss geothermal heating and cooling for your home.

## Residential Credit Provisions

- 1 The system must meet ENERGY STAR requirements in effect at the time the system is completed. Energy Star requires that your system meets specific efficiency standards and produces some or all of your domestic hot water.
- 2 The system must be in the taxpayer's residence (not limited to primary residence).
- 3 There are no specific requirements for the invoice. However, it will be helpful if the invoice states "Geothermal Heat Pump" and that it "exceeds requirements of ENERGY STAR program currently in effect."
- 4 The taxpayer has to file IRS Form 5695 to receive the credit.

## Incentives For Condo Owners

In a typical condo, the owners contribute to the upkeep by paying money to a condominium management association. If the association puts in qualifying equipment, each member of the association can claim the residential tax credits on his or her taxes for his or her share of the spending. Though the language is not definitive, it does state that the condo has to be "substantially used as residences." In most cases, a condo association is not a taxable entity, making individual unit owners the ones to benefit from a tax credit.

**For information and support,** please contact your FHP-Bosch Group representative. Information about specific incentive programs is available on the Database of State Incentives for Renewable Energy (DSIRE) at [www.dsireusa.org](http://www.dsireusa.org) and it's updated frequently. FHP-Bosch Group recommends the following references: IRS Title 26, Section 48(a); IRS Form 3468 and IRS Publication 946.

\*We strongly recommend consulting a tax professional for information on specific benefits for your home. These numbers are for illustrative purposes only.