Tax Credits Provide Incentive for Window Replacement Projects

Windows, doors, and skylights, if chosen properly, can provide increased aesthetics, natural daylight, comfort, and value to every home. Unfortunately, these same products can also be the largest source of a home's energy drain, adding hundreds of dollars each year to heating and cooling costs. To compensate, many homeowners cover their windows with shades, plastic, heavy curtains, and other devices that reduce natural light, views, and comfort benefits. Fortunately for consumers, the Federal government is making it a little easier to upgrade their windows while reducing their taxes.

New Tax Credit Provides Incentive for Energy Efficiency

The Energy Policy Act of 2005 offers consumers a tax credit for replacing old appliances and home products with energy efficient models, including windows. The Federal government is offering a tax credit up to $200 with the purchase of qualified doors, windows, and skylights.

What's the Process?

Step 1:

Look for the ENERGY STAR label. The U.S. Department of Energy and the Environmental Protection Agency have developed an ENERGY STAR Designation for products meeting certain performance criteria. Since the energy efficiency performance of windows, doors, and skylights can vary by climate, product recommendations are given for four climate zones: a *mostly heating* zone (Northern), two *heating and cooling* zones (North/Central and South/Central); and a *mostly cooling* zone (Southern). For more information about ENERGY STAR windows, visit www.energystar.gov. Please note that windows must be certified and labeled by National Fenestration Rating Council (NFRC) in order to be designated as an ENERGY STAR window.

Step 2:

Use NFRC's label to then compare products. NFRC provides an independent, third-party rating and labeling system that allows consumers to compare for themselves how well a window will perform in terms of energy performance – apples to apples.

(Over)

Allowable Amounts

Product Type	Tax Credit Specification	Tax Credit	Notes
Exterior Windows and Skylights	ENERGY STAR qualified OR meets IECC	10% of cost, up to $200 for all windows, skylights and storm windows	All ENERGY STAR labeled windows and skylights qualify for tax credit. Installation costs are not included.
Exterior Doors	Meets IECC	10% of cost, up to $500	ENERGY STAR doors almost always qualify, except for certain parts of California. Installation costs are not included.

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

Step 3:
Purchase and install your new windows.

Step 4:
File the appropriate tax form and submit with your Federal taxes. You do not have to submit the ENERGY STAR label or any other document with your tax return, but be sure to keep the information with your tax records.

Step 5:
Retain the receipts proving that you purchased the improvements and a copy of the manufacturer's certification (or the ENERGY STAR label) for your records.

Step 6:
Enjoy the increased savings and added comfort from your new windows.

Remember, the tax credit is good only for purchases made in 2006 or 2007.

About NFRC

NFRC is a non-profit organization that administers a voluntary, uniform rating, labeling and certification system for the energy performance of windows, doors, curtain walls, skylights and other fenestration products. Its members include manufacturers, suppliers, utilities, consumer groups, representatives from the building and code industries, scientific and educational organizations and government agencies.

For more information:
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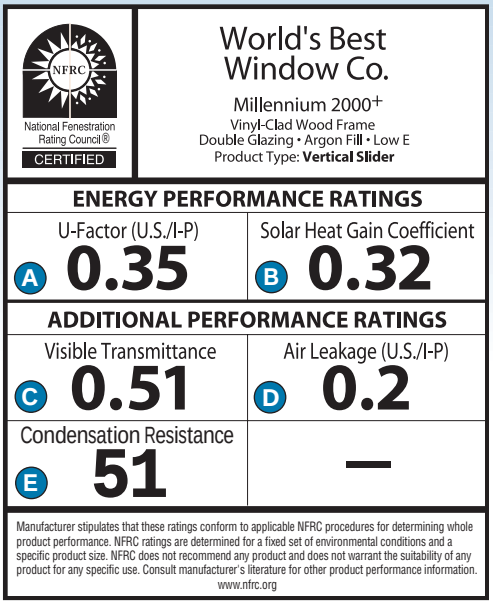
Links for More Information

www.nfrc.org
www.energystar.gov
www.ase.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.*