# 25C Residential Tax Credits

The information below applies to qualified products installed from January 1, 2014, to December 31, 2014.

**Background:**

On December 19, 2014, President Obama signed H.R. 5771, The Tax Increase Prevention Act of 2014, retroactively extending the following tax credits, which previously expired at the end of 2013, through December 31, 2014.

**Tax Credit Details for Homeowners:**

- The efficiency levels required reflect the highest tier of the CEE High-efficiency Specification for Residential HVAC Systems as of January 1, 2009. Please note: Equipment listed in the chart below (except water heaters, which only needs to achieve one of the efficiency specifications) must meet all performance specifications for its category. For example, a tax-credit eligible split central air conditioner must have stated performance ratings of 13 EER and 16 SEER.

- Improvements made in 2014 will be claimed on your 2014 taxes (filed by April 15, 2015)

- The lifetime credit cap of $500 was reinstated. If you have claimed more than $500 in 25C tax credits since January 1, 2006, you are disqualified from any further credits

A Manufacturer's Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website to facilitate identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

## How to Obtain the Tax Credit

Eligible contractors need to fill out IRS Form 8908 to get the tax credit. The IRS has provided the following guidance regarding the tax credits for constructing energy efficient new homes available under the Energy Policy Act of 2005:

IRS Notice 2008–35 provides guidance for the credit for building energy efficient homes other than manufactured homes.

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2111 Wilson Boulevard
Suite 500
Arlington, VA 22201
www.ahrinet.org

| PRODUCT TYPE | TAX CREDIT SPECIFICATION | TAX CREDIT | Effective Date | FIND QUALIFYING EQUIPMENT |
|---|---|---|---|---|
| **Residential Central A/C** | **Split:**<br>EER>=13<br>and SEER>=16<br>**Packaged:**<br>EER>=12<br>and SEER>=14 | The tax credit is for $300 | January 1, 2014 – December 31, 2014 | **Go to:** **Air Conditioners and Air Conditioner Coils and select Yes for 'Eligible for Federal Tax Credit'.** |
| **Residential Air-Source Heat Pumps** | **Split:**<br>HSPF >= 8.5<br>and<br>EER >= 12.5<br>and<br>SEER >= 15<br>**Packaged:**<br>HSPF >=8<br>and<br>EER >= 12<br>and<br>SEER >= 14 | The tax credit is for $300 | January 1, 2014 – December 31, 2014 | **Go to:** **Heat Pumps and Heat Pump Coils and select Yes for 'Eligible for Federal Tax Credit'.** |
| **Residential Gas, Oil, Propane Furnace or Hot Water Boiler** | **Furnaces:**<br>Gas >= 95% AFUE<br>Oil >= 95% AFUE<br>Propane >= 95% AFUE<br>**Boilers:**<br>AFUE>=95 | The tax credit is for $150 | January 1, 2014 – December 31, 2014 | **Go to:** **Boilers / Furnaces and select Yes for Tax Credit Eligible under Advanced Search.** |
| **Advanced Main Air Circulating Fan** | No more than 2% of furnace total energy use. Read this IRS Guidance if the fan qualifies, but the furnace does not. Read AHRI Safe Harbor Proposals to IRS. | The tax credit is for $50 | January 1, 2014 – December 31, 2014 | |
| **Residential Gas, Oil, Propane Water Heater** | Energy Factor >= 0.82<br>or<br>Thermal Efficiency >= 0.90 | The tax credit is for $300 | January 1, 2014 – December 31, 2014 | **Go to:** **Residential Water Heaters or Commercial Water Heaters and select Yes for Tax Credit Eligible under Advanced Search** |
| Residential Electric Heat Pump Water Heater | Energy Factor >= 2.0 | The tax credit is for $300 | January 1, 2014– December 31, 2014 | **Go to:** **Residential Water Heaters/ Commercial Water Heaters and select Yes for Tax Credit Eligible under Advanced Search** |