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Take advantage of tax credits to stretch home improvement dollars

(BPT) - Warm weather heralds home improvement season. It's also the season of high electric bills as air conditioners hum to life in response to rising temperatures across the country. When you're making summer upgrades to your home, improvements that make your house more livable and attractive are even more rewarding when they also help put money back in your pocket.

What better way to get money back than to save on your taxes? A host of energy-efficient home improvements are eligible for federal tax breaks. You may also find your state or local government, or local utility company, has programs to reward homeowners who make energy-saving upgrades.

If you're planning summer home improvements, here are some facts about energy efficient upgrades and available tax credits:

* The federal government offers tax credits for qualified improvements in five categories, according to EnergyStar.gov: biomass stoves; heating, ventilation and air conditioning; insulation; metal and asphalt roofs; non-solar water heaters; and windows and doors. The credits are available only when you make qualified improvements to your primary residence, and are set to expire at the end of this year. It's anyone's guess if the government will extend them or introduce some other incentives. If you're considering an upgrade that falls into one of these eligible categories, you'll need to make it by Dec. 31, 2013 to qualify for this group of federal tax credits.

* Other federal tax credits are available for geothermal heat pumps, small residential wind turbines, and solar energy systems. These credits refund you 30 percent of the cost of both the product and installation, with no upper limit, and do not expire until Dec. 31, 2016. The credits apply to both principal homes and second residences, both new and older homes. Rentals do not qualify.

* Energy Star rates products for their energy efficiency, but not all products or home improvements will qualify for a tax credit. Check out EnergyStar.gov for a more complete list of products/improvements and a more thorough explanation of the tax credit program.-

* While many energy-efficient home improvements such as solar water heating systems may initially cost more than less conservation-minded options, these upgrades ultimately pay for themselves by helping save money on your utility bills. And if you use photovoltaic collectors (PV) to generate power - in addition to solar thermal collectors for heating water - you may actually make money off the PV system by selling excess power you generate back to the local electric company.

While some energy-efficient improvements might seem obviously deserving of a tax credit - such as adding insulation or replacing older, inefficient air conditioning units with Energy Star-rated ones - other upgrades may surprise you. Making these improvements not only stretches your dollar in the form of a qualifying tax credit, they can also enhance the beauty and livability of your home.

For example, a wood-burning stove adds ambiance and comfort, while reducing your dependence on costlier fuels to heat your home. It also may qualify for the federal tax credit, according to EnergyStar.gov, as a biomass stove. Biomass-burning stoves with a thermal efficiency rating of at least 75 percent may qualify for up to \$300 in tax credits.

Skylights and efficiency-enhancing accessories such as blinds can also qualify under the windows and doors category that expires at the end of 2013. By installing a new skylight, or replacing an older, existing one with a new Energy Star-qualified one, you can save on your tax bill while reducing utility costs. Natural light minimizes the need to spend money powering artificial lights.

The savings add up even further if you choose to install skylights that rely on solar power to operate the motor that opens and closes them. Skylights equipped with automatic rain sensors and accessories like designer solar-powered blinds, qualify for the 30 percent product and installation credit given solar energy systems.

These daylighting and fresh air systems can improve a skylight's overall energy efficiency by up to 37 percent, according to skylight manufacturer Velux America. You can find a tax calculator that will show you the benefits of new or replacement skylights at [www.veluxusa.com](#). There's also a skylight planner app there to show you how skylights and blinds will look in your own home.

In addition to the federal tax credits, many states offer their own programs for homeowners. You can find information about tax credits and incentives available in your state by logging on to [energy.gov/savings](#). And you should always consult a tax professional if you have questions regarding eligibility.

ARTICLE IMAGE(S)



Caption



Caption

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Quick Read:

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Pairing no leak solar powered fresh air skylights, equipped with automatic rain sensors, and accessories like designer solar-powered blinds can improve your skylight's overall energy efficiency by up to 37 percent, according to skylight manufacturer Velux. These stylish daylighting and fresh air systems, along with installation costs, are eligible for a 30 percent federal tax credit. You can find a tax calculator that will show you the benefits of new or replacement skylights at [www.veluxusa.com](#).

In addition to the federal tax credits, many states offer their own programs for homeowners. You can find information about tax credits and incentives available in your state by logging on to [energy.gov/savings](#).