



January 3, 2011

Announcing 2011 Federal Tax Credits

Recently, Congress gave final approval to the tax relief and benefits package referred to as **Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010** that offers a one-year modified extension on tax credits for high-efficiency heating and cooling equipment. The tax credit amounts are reduced to pre-stimulus levels, yet the efficiency levels remain the same (see below for more detail). As a reminder, qualifying residential systems must meet the criteria of "Qualified Energy Property" as set forth by Section 25C of the Internal Revenue Code. This newly modified program differs from the American Recovery and Reinvestment Act (ARRA) of 2009 effective in 2009-2010 in the following ways:

- The maximum amount an eligible homeowner may receive in tax credits for purchasing qualifying HVAC equipment or other eligible products and improvements, will be reduced from \$1,500 to \$500.
- The \$500 cap is reduced by the total amount of residential energy property credits a homeowner has claimed for purchases between 2006 and 2010.
Note: If you have already claimed credits of \$500 or more from improvements made prior to 2011, you will be unable to claim new credits for improvements made during 2011.
- All efficiency levels remain the same except for furnaces and boilers, whether natural gas, propane or oil, must be 95% AFUE or above to be eligible for the credit.
- The credit is no longer 30% of qualified residential energy property costs (including labor), but is now equal to an amount not to exceed:
 - ✓ \$50 for any advanced main air circulating fan
 - ✓ \$150 for any qualified natural gas, propane or oil furnace or hot water boiler
 - ✓ \$300 for any item of energy-efficient building property
 - ✓ Up to a \$500 lifetime cap.

Maximum Tax Credit Available	Product Type	Efficiency Requirements
\$50	Any advanced main air circulating fan	*See below
\$150	Natural gas, propane, oil furnace or boiler	95% AFUE

**RHEEM
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**AIR
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DIVISION**



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\$300	Split system air conditioner	16 SEER / 13 EER
\$300	Split system heat pump	15 SEER / 12.5 EER / 8.5 HSPF
\$300	Package air conditioner	14 SEER / 12 EER
\$300	Package heat pump	14 SEER / 12 EER / 8 HSPF
\$300	Package gas / electric	14 SEER / 12 EER
\$300	Gas Water Heater	EF \geq 0.82 or TE \geq 0.90
\$300	Heat Pump Water Heater	EF \geq 2.0

** Electricity use of no more than 2% of the total energy use of the furnace*

Note: Geothermal system tax credits and solar water heaters are unaffected by these changes and remain in place as is through 12/31/2016.

Please keep in mind, the **Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010** offers tax credits on eligible products installed between January 1, 2011 and December 31, 2011. In the coming weeks, we will begin to update our tax credit documents to reflect the credits of this new program. Thank you for your continued support.

Best Regards,

A handwritten signature in black ink, appearing to read "Nitish Singh", is written over a light blue horizontal line.

Nitish Singh
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NS/jm