

# ENERGY STAR™ Windows make federal tax credits easy!

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The Internal Revenue Service published their Guidance Notices for tax credits for existing residential, new homes and manufactured housing on Tuesday, February 21. For existing residences, the IRS has provided a “special rule” (on page 7 of the IRS notice 2006-26) for claiming the \$200 residential efficient window tax credit with ENERGY STAR windows. The new special rule reads as follows:

**.03 Special Rule for ENERGY STAR Windows and Skylights. A taxpayer may treat an exterior window or skylight that bears an ENERGY STAR label and is installed in the region identified on the label as an Eligible Building Envelope Component and may rely on such ENERGY STAR label, rather than on a manufacturer’s certification statement, in claiming the § 25C credit.**

This rule is expected to make compliance with the IRS tax credit requirements easier for consumers, contractors and window manufacturers. Rather than wade through the windows technical requirement in the 2001 and 2004 International Energy Conservation Code (IECC) and obtaining a special manufacturers’ certification statement, all parties can rely on the established regional ENERGY STAR window rating label. The ENERGY STAR web site has further information on the regional windows labels and performance criteria:

- For regional maps and technical criteria for windows, see:  
[http://www.energystar.gov/index.cfm?c=windows\\_doors.pr\\_crit\\_windows](http://www.energystar.gov/index.cfm?c=windows_doors.pr_crit_windows)
- For more information on the ENERGY STAR regional labels, see:  
[http://www.energystar.gov/ia/partners/manuf\\_res/windows/Label\\_Finder\\_30Sep05.pdf](http://www.energystar.gov/ia/partners/manuf_res/windows/Label_Finder_30Sep05.pdf)

Use of the regional ENERGY STAR window labels for the tax credits will simplify compliance, minimize confusion in the marketplace and reduce transaction and recordkeeping burdens to consumers and manufacturers alike.

The new IRS special rule for efficient windows is based on an Alliance to Save Energy and Efficient Windows Collaborative (EWC) report, “The Tax Credit for the Installation of Energy Efficient Windows: Does the ENERGY STAR Help Consumers Find Products that Qualify?”. In a detailed analysis of 3,111 US counties and jurisdictions, the Alliance and the EWC demonstrated to IRS and the US Department of Energy that the ENERGY STAR label met or exceeded the IECC code criteria in all but a small number of counties. They recommended that regional ENERGY STAR window labels be the qualifying criteria for the windows tax credits because of: 1) the large existing public awareness of the ENERGY STAR labeling program, 2) the significant investment the taxpayers have made in promoting the ENERGY STAR brand and 3) the simple and effective messaging that would result for promoting energy efficient windows to achieve the energy savings intended by Congress. The Alliance report is publicly available for downloading at the Tax Incentives Assistance Project (TIAP) web site at: <http://www.energytaxincentives.org/tiap-recommendationsimplementation.html>.

More information on the new IRS tax credit guidance for existing homes, new homes and new manufactured housing can be found on the TIAP web site at [www.energytaxincentives.org](http://www.energytaxincentives.org) and at the Alliance web site at [www.ase.org](http://www.ase.org).

The Efficient Windows Collaborative is a project of the Alliance to Save Energy, University of Minnesota, Lawrence Berkeley National Laboratory and AZS Consulting. The EWC leads a coalition of window, door, skylight, and component manufacturers, research organizations, federal, state and local government agencies, and others interested in expanding the market for high-efficiency fenestration products. Its goals are to double the current market penetration of efficient window technologies and to make NFRC labeling a near-universal practice in U.S. markets. Visit the EWC web site at: <http://www.efficientwindows.org/>.

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