



**Tankless Water Heater**

# **Tax Credit Fact Sheet**

## **New Consumer Energy-Efficiency Tax Credits**

The Energy Tax Incentives Act of 2005, a part of the new national energy law signed by the President of the United States on August 8, 2005, provides valuable federal tax credits for consumers who drive fuel-efficient vehicles and/or employ energy-efficient products in their homes, including qualifying Rinnai tankless water heaters.

At home, these benefits include lower home energy bills, increased indoor comfort, and reduced air pollution. On the road, consumers will increase their gas mileage so they lower their gasoline costs, and they will dramatically reduce the amount of air pollution from their vehicles.

You can get a one-time tax credit of up to \$500 in total for installing efficient new windows, insulation, doors, roofs, and heating and cooling equipment in your home. All the improvements must be installed in or on the taxpayer's principal residence in the United States.

In addition to helping savvy consumers lower their energy bills at home and on the road, the energy-efficient products eligible for the new federal tax credits actually lower the amount of federal income taxes that these taxpayers must pay Uncle Sam.

### **Rinnai Tankless Water Heaters**

According to the Energy Tax Incentives Act of 2005, consumers who purchase a qualifying Rinnai tankless water heater, at the full purchase price, are eligible for a one-time tax credit of up to \$300.

Rinnai has several models that meet the Energy Bill's .80 EF requirement.

To find out which qualifying Rinnai tankless water heater model is right for you, visit [www.foreverhotwater.com](http://www.foreverhotwater.com) or call 1-866-RINNAI-1 to find a dealer near you.

### **Other Eligible Energy-Efficient Products**

In addition to qualifying Rinnai tankless water heaters, the following are other energy-efficient products eligible for tax credits:

- Central air conditioner, heat pump, or water heater: up to \$300 toward the full purchase price.
- Exterior windows (including skylights): 10 percent of the total cost, up to \$200.
- Insulation, exterior doors, or pigmented metal roofs: 10 percent of the total cost, up to \$500. Duct sealing and weather stripping or foam sealants may also qualify for the credit, depending on the IRS rules.
- Furnace or boiler: up to \$150 towards the full purchase price and/or \$50 for a furnace with an efficient air-circulating fan.

### **Eligibility Factors**

To be eligible for the federal tax credits, the energy-efficient products purchased must meet the following requirements:

- Natural gas, propane and oil water heaters must meet a minimum water heating Energy Factor (EF), which is about 20 percent more efficient than the current federal standard. Electric water heaters do not qualify for the tax credit.
- Windows, doors, and insulation must meet the requirements of the International Energy Conservation Code, a model energy code for buildings. ENERGY STAR windows will almost always qualify.
- Metal roofs must have pigmented coatings that meet ENERGY STAR requirements.
- Heating and cooling equipment must meet stringent efficiency requirements – not even all ENERGY STAR products will qualify. Manufacturers and retailers will likely be able to tell you which products qualify.

### Heating and Cooling Equipment Energy-Efficiency Requirements

In order to be eligible for the tax credit, heating and cooling equipment must meet specified measures of energy efficiency:

Product	Efficiency Requirement
Natural Gas, Propane, Oil Water Heater	Must have an Energy Factor (EF) of at least 0.80. Only some tankless water heaters currently reach this efficiency level.
Central Air Conditioner	Must be in the highest efficiency tier set by an organization called the Consortium for Energy Efficiency – currently seasonal energy efficiency ratio (SEER) of at least 15 and an energy efficiency ratio (EER) of at least 12.5 for most air conditioners.
Electric Heat Pump	Also must be 15 SEER and 13 EER and must have a heating seasonal performance factor (HSPF) of at least 9.
Geothermal Heat Pump	Must meet current ENERGY STAR criteria: <ul style="list-style-type: none"> <li>– For a closed-loop system, 14.1 EER and a coefficient of performance (COP) of at least 3.3.</li> <li>– For an open-loop system, the criteria are 16.2 EER and 3.6 COP.</li> <li>– For a direct expansion system, 15 EER and 3.5 COP.</li> </ul> In addition the geothermal heat pumps must include a desuperheater, which helps heat water, or an integrated water heating system.
Electric Heat Pump Water Heater	Must have an Energy Factor (EF) of at least 2.0.
Natural Gas, Propane, Oil furnaces, Boilers	Must have at least a 95 percent annual fuel utilization efficiency (AFUE) to qualify for the \$150 credit. To qualify for the \$50 tax credit, the furnace air-circulating fan must use no more than two percent of the total annual energy use of the furnace.

For more information on the Rinnai tankless water heater visit, [www.foreverhotwater.com](http://www.foreverhotwater.com) or call 1-866-RINNAI-1. For more information on the Energy Tax Incentives Act of 2005, please visit [www.energytaxincentives.org](http://www.energytaxincentives.org) and consult your tax professional.