

## ENERGY POLICY ACT OF 2005

The Energy Policy Act of 2005 (EPACT) was enacted to provide tax credits to individuals and businesses that purchase certain fuel-efficient and energy-efficient products. Tax credits are very attractive to taxpayers because, unlike deductions, they reduce a taxpayer's liability for taxes on a dollar-for-dollar basis. It makes sense, then, to be aware of possible EPACT opportunities when you plan for the energy efficiency of your structure. EPACT energy tax credits can help keep your hard earned dollars in your pocket and the purchase of Pactiv's GreenGuard® XPS Insulation, Underlayment, and Housewrap ("GreenGuard® Products") can help you qualify for those tax credits. Consider:

### Existing Homes (retrofit / remodeling)

- Under EPACT, tax credits are available for many types of home improvements that improve a dwelling's energy efficiency (e.g., like adding insulation). The credit is equal to 10% of the cost of the "qualified energy efficiency improvements" (i.e., not including costs of installation) to a maximum for all improvements combined of \$500 during the two year period of the credit (i.e., 1/1/06 through 12/31/07)
- GreenGuard® Products are qualified energy efficiency improvements, because they are "[a]n insulation material or system that . . . [i]s specifically and primarily designed . . . to reduce heat loss or gain of a dwelling unit when installed in or on the dwelling unit . . . ."
- To qualify for this EPACT tax credit, the insulation purchased must be expected to last for at least 5 years or have a free two-year warranty from the manufacturer.
- Homeowners should obtain a "Manufacturer's Certification" establishing that a product purchased qualifies for this EPACT tax credit and keep it for their records.
- Energy efficiency criteria of the 2000 IECC model energy code, as amended, apply.

### New Construction (build)

- A \$2,000 tax credit is available to builders for the construction of each "qualified new energy efficient home." To qualify, a new home must be certified to provide a level of heating and cooling energy consumption that is at least 50% below that of a dwelling unit constructed in accordance with the standards section of the 2004 supplement to the 2003 IECC.
- Similarly, a \$1,000 tax credit is available to builders of *manufactured* homes where: (i) the home is certified to provide at least a 30% improvement in energy consumption per the above standards or (ii) it qualifies for the Federal Energy Star Homes program.
- Before either of these tax credits can be claimed by a contractor, an eligible certifier must certify that an affected home qualifies for the credit. The contractor should retain that certification for its records.

**This is not a complete or comprehensive statement concerning EPACT, nor is this intended to provide personal tax or legal advice. To assess the full scope of EPACT, and determine the potential availability of tax credits under it to you, and/or your tax adviser should carefully review and consider all applicable provisions of that statute.**



**The following websites provide further information regarding EPACT's tax incentives and may be helpful to you:**

**The Tax Incentives Assistance Project (TIAP)**

<http://www.energytaxincentives.org/>

**Treasury and IRS Provide Guidance for energy Credits for Homeowners**

<http://www.irs.gov/newsroom/article/0,,id=154657,00.html>

**Treasury and IRS Provide Guidance on Energy Credit To Home Builders**

<http://www.irs.gov/newsroom/article/0,,id=154658,00.html>