



Extension of the Energy Tax Credits for 2012-2013

As part of the American
Taxpayer Relief Act of 2012

Uncle Sam continues to pay to have Windows Replaced



- The Energy Tax Credit section of IRS § 25C **has been reinstated for 2011 as part of The American Taxpayer Relief Act of 2012** signed by President Obama
- § 25C again provides a credit against tax for the taxable year in an amount equal to the sum of 10% of the amount paid for qualified energy efficiency improvements

Qualified Improvements are:



Product Category	Product Type	Tax Credit Specification	Tax Credit
Windows	Exterior Windows	Meet 2006 IECC & Amendments	10% Cost not to exceed \$200 total
	Exterior Doors	Meet 2006 IECC & Amendments	10% Cost not to exceed \$500 total
Insulation	Insulation	Meet 2006 IECC & Amendments	10% Cost not exceed \$500 total

Qualified Improvements are:



- **Insulation material or system** (including vapor-retarder to limit infiltration) specifically designed to reduce heat loss or gain when installed and when requirements set by IECC N1104 are satisfied
and.....

Qualified Improvements are:

- An exterior **window, skylight, or door** that meets or exceeds criteria established by IECC 2006 for the climate zone



The Tax Credits



- The maximum tax Credit is \$500 for all eligible building envelope components
- Windows must meet IECC 2006 Climate Zone Requirements

Component Eligibility Must Be Certified



- For a homeowner to claim their credit, they must possess an Eligibility Certification statement from other than the contractor
- The Certification must contain the name and address of the certifier, identification of the component, and a declaration that the facts are true and correct

Component Eligibility Must Be Certified



- The homeowner may rely on this Certification to establish their right to the credit without liability*.
- Certifications are not filed with tax returns. They are retained in taxpayer's records.

Installation is not eligible



- The credit is only allowed for amounts paid covering purchased components -
- *...not* for the onsite preparation, assembly, or original installation of eligible components.

Summary—



- **Windows, doors and insulation products** bought between 01/01/12 and 12/31/13 **are eligible for a 10% Federal Tax Credit**
- **Insulation** in compliance with IECC **is eligible**
- Total credit allowed is \$500.
- Windows are must meet IECC 2006 Climate Zone Requirements
- Certification of eligibility must be supplied
- Installation is specifically excluded

AWDI Energy Tax Program



- AWDI offers opportunity to utilize and increase the window tax credit from \$200 to \$500 when replacement windows are supplied and installed
- IRS guidelines establish that the **window** itself, **and** the materials and systems for the **Perimeter Insulation, Vapor barrier, Capping, and/or Exterior/Interior Sealing** are ***eligible for the tax credit.***
- Labor to install either of the above is not



How does AWDI do it?



- AWDI was awarded the industry's only Federally Registered Certification Mark for Window and Door Installation
(Reg# - 78939046)
- The award is based on the weatherization steps included in the AWDI method for Replacement & Retrofit
- AWDI has been supplying this credit increase to qualified dealers ***since 2005***



How does AWDI do it?



- AWDI Standards, V1.3, have been used as default benchmark in industry since 1989
- AWDI Standards, V1.3, are referenced in ASTM E2112
- AWDI Standards, V1.3, satisfy IECC Section N1102.4.1

....and the most important:

How does AWDI do it?



- AWDI Standards allow isolation of *insulation* from the *installation*
- And ***Credit for the Insulation***

How does AWDI do it?



- Proper AWDI mandated replacement procedures afford two insulating opportunities for additional Tax Credit eligibility:
 - ***Preparation of the Opening***
 - ***Perimeter Sealing***

How does AWDI do it?



- These two processes require components which comply with the mandate of the Energy Tax Code:

☐... to include insulation systems that reduce heat loss/gain...☐

How does AWDI do it?



- These two processes comply with IECC N1102.4.1 requiring:
 - ..the building thermal envelope be caulked, gasketed, weatherstripped or otherwise sealed with an air barrier material, suitable film or solid material — especially openings between window and door assemblies and their respective jambs and framing...□*

AWDI Energy Tax Program



- Tax Credit eligible Insulation and Sealing are now defined through AWDI as:

□The proper sealing, maintenance or creation of a proper vapor barrier

.....and

insulation of the window and door cavity□

- Made official through use of AWDI's Registered Certification Mark



AWDI Energy Tax Program



- AWDI's program provides the dealer the forms and costing grid to offer the full \$500 credit, *while **protecting their proprietary pricing structure***
- AWDI's program provides the documentation needed by homeowners to apply the insulation costs to their tax credit eligibility to reach the maximum credit ...*with **no liability for the dealer***

AWDI Energy Tax Program



- **Defining 5 necessary steps** in the proper replacement of a window **establishes the value of a professional, and the value of the work needed** acquiring the proper window, and providing a quality replacement
- Leaving the 3 steps un-defined, and un-priced **protects against** possible costly **pricing pressures** and competitive **comparisons**



The importance of AWDI



- AWDI provides forms that allow the dealer and the homeowner to
 - Confirm that these procedures and components were used
 - Establish the relative costs for these procedures and components
 - Certify eligibility of these procedures and components in compliance with § 25C

...successfully since 2005



The importance of AWDI



- ...All while protecting the Dealer's proprietary pricing and competitive advantage

The importance of AWDI



- Establishing relative costs of eligible insulation procedures and components
 - All costs itemized & extrapolated from official National Construction Estimator™
 - All costs predicated on perimeter lineal foot dimensions, and/or square footage of openings

The importance of AWDI

- AWDI provides Letter Certifying that costs for the procedures and components, are eligible for the Energy Tax Credit.
- Under AWDI's exclusive Certification Mark



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March 1, 2006

Dear Homeowner,

In compliance with the Energy Policy Act (EPACT), signed into law on August 8, 2005 which offers consumers federal tax credits from 1/1/06 for purchasing energy-efficient products through 12/31/07, AWDI offers this Letter of Certification in support of the additional insulating measures purchased through your dealer as part of the Window and Insulation criteria spelled out in the International Energy Conservation Code, section N1102.4 Air leakage, subsection N1102.4.1, applicable according to § 25C of the Internal Revenue Code.

While IRS Notice 2006-26 (Sections 4.04) outlines the eligible building components, the notice specifically excludes installation labor from the tax credit, as does this certification.

AWDI, since 1989, has described the proper standards and practices for replacement of existing windows. AWDI Vinyl Window Installation Guidelines-Version 1.3, Section VI, originally published in 1989, and referred to in ASTM E 2112, Section 8.5, outlines specific procedures and components necessary to provide Perimeter Insulation, Vapor Barrier, Capping and Interior and/or Exterior Sealing systems complementary to, but separate from, the mounting of the replacement window in the opening. Many of these same procedures can be employed on existing window and door installations with similar insulating improvements.

When purchasing replacement windows, you were presented with choices regarding installation, and you wisely chose to add components that will improve not only your window performance but the performance of the opening, as well. You have been given AWDI Form ETC 2006 on which the 5 elements of proper replacement of existing windows have been outlined. Elements covering Preparation of the Opening, and Perimeter Insulation; Vapor barrier; Capping, and/or Interior and Exterior Sealing have been isolated from the labor to measure, specify, remove and install the replacement window. Based on the number of windows, their sizes and styles, dollar amounts have been allocated to component systems and materials used to effectively seal and insulate the openings.

Along with the costs for the qualifying window products, these component procedures, properly supplied and implemented by AWDI approved dealers and contractors, comply with the eligibility requirements of EPACT, and are acceptable for the federal tax credits outlined in § 25C of the Internal Revenue Code. Keep this letter with your tax records. It does not need to be filed with your return. As with all tax related items, tax payers should consult with a tax professional when utilizing these and other tax credits and deductions.

Very truly yours,
AWDI
John A. Jervis, Jr.
John A. Jervis, Jr.





The importance of AWDI

- There is *no liability to dealer* for homeowner's claimed tax credits
...With certification letter their credits are secure
- AWDI provides *form to calculate credits* from eligible components
- AWDI delivers *Certification of Eligibility* of the insulation components

Marketing Opportunity



- Savvy Dealers will offer to match the Tax Credit with a Matching *Energy Rebate*
 - This will up the savings to \$1,000 – a more attractive package that encourages up-sell
 - This will enable the dealer to promote continued energy tax credit savings, but with differentiation from dealers who only offer \$200

Summary-



- IRS offers 10% Tax Credit for Windows with IECC 2006 Climate Zone Compliance
- AWDI Standards separate insulation procedures and components from installation, freeing the customer from the \$200 cap up to the full \$500
- No one else offers this program

AWDI Energy Tax Program



- It's simple to sign up
 - Dealers who want to be able to offer the AWDI Energy Tax Program will apply for authorization
 - The one-time investment for registration and materials is \$950 (\$499 for renewal). This includes 2 FREE AWDI Certifications
 - There are no other charges



AWDI Tax Credit Program



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