



**Eco-Smart, Inc.**

TOLL FREE: (888)329-2705 FAX: (941)377-9460 [info@eco-smart.com](mailto:info@eco-smart.com)

## Geo-Thermal Heat Pump

### Residential Incentives

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the United States Tax Code was revised to expand the existing tax credit available to consumers related to the installation of geothermal heat pumps. As a result, consumers purchasing qualified systems now can take a one-time tax credit equal to 30% of the investment in the geothermal system, including installation costs, without a cap.

Qualified system must meet the following requirements:

Installed after January 1, 2009 and before December 31, 2016.

According to the Internal Revenue Service (IRS) guidance, the Federal tax credit is tied to the Energy Star specification that is in effect at the date of installation.

Installed in residence (not limited to primary residence).

For purposes of Energy Star qualification, geothermal heat pumps include the following: open loop, closed loop, and DGX and are powered by a single phase current.

2012 Federal Tax Credits: What You Need to know

Qualifying Products:

Geothermal Heat Pumps

Solar Energy Systems

Tax Credit:

30% of cost with no upper limit

Expires:

December 31, 2016

Details: Existing homes & new construction qualify. Both principal residences and second homes qualify.

(Rentals do not qualify.)

### Commercial Incentives

The Emergency Economic Stabilization Act of 2008 (H.R. 1424), extended the Investment Tax Credit (ITC) to include geothermal heat pumps installed after October 3, 2008 until 2016. A 10% credit of the installed costs against a company's taxes is provided for a geothermal heat pump. If the credit exceeds the tax liability, a loss can be carried forward for one year.

### Available Government Incentives

Under U.S. Code Title 26, Section 48, 10% of the installed cost of a geothermal heat pump (minus any subsidies) is applicable for corporate tax credits as ITC. There is no cap on the amount of qualifying expenditures that can be used for the credit, nor a limit on the credit itself. No matter the installation cost, you will receive a 10% credit under this legislation. Geothermal heat pumps are also eligible for Modified Accelerated Cost-Recovery, which provides for accelerated depreciation over five years. This means an even shorter payback period for the investment in renewable energy. Commercial geothermal heat pumps have not been included in the ENERGY STAR ratings; therefore, commercial units do not need to be ENERGY STAR rated to qualify for these incentives.

## **Geo-Thermal Heat Pumps** Commercial Incentives

### **Direct Grants Funding**

Financial support is provided in The American Recovery and Reinvestment Act of 2009 (H.R. 1), which was passed at the beginning of 2009. While providing incentives for commercial installations, the bill also takes into account that some businesses may not have enough tax liability to take full advantage of the program. In these instances, if a business would qualify for the tax credit, they can instead take a direct 10% of installed cost grant from the Treasury Department's which the administration will pay directly within 60 days.

### **LEED Points** with FHP's technology

The section Energy & Atmosphere + Indoor Environmental Quality are responsible alone for almost 50% of the total points. Therefore, FHP's efficient geothermal heat pumps for heating and cooling installed in any building result in a substantial contribution to the increase of LEED points and bring you a huge step towards a LEED certification for your project. Our newest MERV filter technology, R-410A refrigerant, innovative controls and features for the IAQ management can account for up to 15 to 20% of the maximum LEED points. A commercial project equipped with FHP's water source heat pumps can provide approximately 23 possible LEED points.