

## Purchase and Improvement Tax Credits to Take Advantage of this Year\*

Tax credits are like money in the bank with the IRS. Unlike tax deductions, which serve to limit or reduce your tax liability, tax credits are almost like a prepayment to the IRS. For every dollar you spend on a tax credit item (within certain limits), you owe one less dollar of taxes.

This makes tax credits extremely valuable. If you are buying a home in 2009 or simply improving one you already own, you will find no shortage of tax credits to help smooth ease your budget and give you an extra incentive.

### Environmental Credits

Making improvements in your home that also alleviate your burden on the environment and carbon footprint can yield nice tax benefits this year. Here are just a few ways your eco-friendly improvements can create a wallet-friendly return. For a complete list, visit EnergyStar.gov (<http://www.energystar.gov>)

**Insulation:** Install new insulation that meets the 2009 International Energy Conservation amendments and code, and you can enjoy 30% of the cost in tax credits (maximum credit of \$1,500).

**Energy:** Install a 100 kilowatt or less capacity residential wind turbine and 30% of cost will go towards tax credits.

**Roofing:** Buy certain new metal or asphalt roofs and get 30% of the cost in tax credits (maximum credit of \$1,500).

**Water Heaters:** A new gas, propane, oil, or electric water heater meeting individual Energy Star requirements adds another 30% tax credit up to \$1,500.

### Home Buying Credits

In order to stimulate the real estate market in a challenged economy, a new tax credit was introduced in 2009 to encourage first time homebuyers buying their homes between January 1, 2009 and December 1, 2009. The \$8,000 tax credit is for first time homebuyers who have an adjusted gross income (AGI) of:

- \$75K or less if filing single
- \$150K or less if filing joint

So what if your tax liability is less than \$8,000? The great news is that it is a refundable tax credit. If your tax liability is less than \$8,000 you actually get the difference refunded to you.

If you really want to make the most of these credits, you can use the money toward beefing up your homeowners or life insurance policies. That's almost like getting a free insurance upgrade.

\*The information provided below is not tax advice. For more information concerning your specific needs as they relate to taxation, consult with a tax professional.