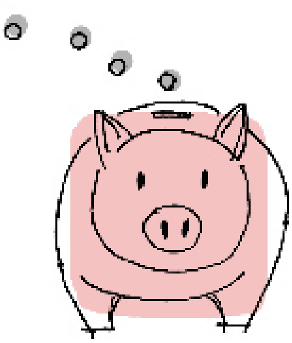
Cash In on Tax Credits

WRITTEN BY **WENDY GRAY** ILLUSTRATED BY **ALANNA CAVANAGH**

Let's Go Shopping! Have you heard? Remodeling is on sale. Now might be the best time ever to spend your home improvement dollars. Combining government tax credits with manufacturer rebates means you get double discounts for putting cash into your home. Cash in on the home improvement steals now so you can splurge on that coat you've been eyeing with refunds or rebates.



Prioritize Projects

Ask yourself: What improvements would you like to make to your home? What improvements do you have to make? The answers are probably not the same. You may want to update your kitchen, but you might need to fix a leaky roof. Some tax credits are only good through 2010—windows, doors, insulation, roofing, heating and cooling systems, water heaters, and biomass stoves—so prioritize. Doesn't sound appealing? You may be surprised by how much style new shingles or windows add to your pad.

It's Like Buying Three and Getting One Free

Did you know you can claim 30 percent of your purchases (up to $1,500) made during 2009 and 2010 on qualified products? This is a tax credit (not a deduction), so it's cash in your pocket.

But Wait—There's More

Buying qualifying products saves you even more money because making energy-focused home improvements this year keeps paying off. "These new products will result in lower utility bills, putting after-tax cash in the homeowner's pocket each month," says Charles Telk, a certified public accountant. "Homeowners will also lower their federal taxes by the amount of the credits from the energy-efficient items for additional after-tax savings."

Hurry! Offer Ends Soon

Find out what home improvements are eligible for credits and rebates and when. Not all Energy Star products qualify. However, many appliance and plumbing product manufacturers have rebate programs. While researching products, factor in not only fit and finish, but also the funds you'll get back—a more expensive model may end up costing less. Many rebates on solar and geothermal products are good through 2016, so you have plenty of time to shop. First address projects with rebates that expire soon.

online exclusive

Visit ***BHG.com/remodeling*** for more Good to Know tips and tools:

- Plan a budget with our financial calculator.
- Find out which projects offer the highest return on investment.
- Learn 11 ways to stretch your home improvement budget.

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Save Your Energy

Talking taxes, "audit" is a cringe-worthy word. But talking energy, it's a good thing. An energy audit charts your path to saving the most money, and the process is painless. The National Association of the Remodeling Industry recently announced scores of remodeling companies that offer audit and weatherization programs to help homeowners identify and take advantage of savings opportunities. For a hands-on approach, the U.S. Department of Energy provides guidelines on its Web site, energysavers.gov.

Good on Paper

Most shoppers think mail-in rebates are a pain. But when you're looking at hundreds—even thousands—of dollars, it pays to play the game. Most rebate forms are easy to navigate, but you must have your stuff together. Save all receipts and product certification documents related to your improvements.

What's Your Location?

Visit the Database of State Incentives for Renewables & Efficiency—dsireusa.org—to see what incentives you can tap into right now.

The Fine Print

All offers come with limitations and restrictions, so consult a tax adviser to understand yours. Rule of thumb? Most rebates are only for single-family primary residences.

Spending your 2010 tax return on your house is a wise investment—it may please your accountant, but the true beneficiary is you. In fact, you may decide to forgo that new jacket for a striking primary-color front door. It will last longer, stay in style, carry a warranty, and prove its value daily. Little chance of buyer's remorse there.