

## **Energy Tax credits fact sheet for 2021 – Furnaces, Boilers, Heat Pumps, Air Conditioners and Heat Recovery Ventilation.**

Some home energy efficiency equipment purchases are eligible for state and federal tax credits in 2021. Look for other Fact sheets in this series that focus on investments in energy conservation and renewable energy. This fact sheet will deal with home heating, cooling, and ventilation. Some utilities and electric co-ops offer rebates on these types of equipment. For more information on utility rebates go to [www.dsireusa.org](http://www.dsireusa.org)

Most homes in Montana are heated with natural gas. The Federal Department of Energy (DOE) recognizes several classes of home heating and cooling units. In general, they are divided into those that heat water or other fluid – boilers; and those that heat and distribute air which are classified as furnaces. A third class embraces heat pumps that provide spaces heating and usually cooling. Wood heating is covered in the alternative energy fact sheet.

The Montana credit is 25% of the investment of both labor and material costs of up to \$500 per taxpayer.

Use state tax form ENRG-C to claim the state credit.

Use federal form 5695 to claim the federal credit.

The state credit is available to new, existing, second homes and rental units but the federal credit is only available for existing primary residences.

The state credit must be claimed and taken in the year of investment and installation. The federal credit can be carried forward for one year.

For additional information go to the Montana Tax Credit Brochure.

[http://deq.mt.gov/Portals/112/Energy/Documents/Tax\\_Credits/Tax\\_Credit\\_Brochure\\_Final%20-%20NEW.pdf](http://deq.mt.gov/Portals/112/Energy/Documents/Tax_Credits/Tax_Credit_Brochure_Final%20-%20NEW.pdf)

### **Furnace and Boiler**

The state credit for a natural gas or propane furnace requires an Annual Fuel Usage Efficiency (AFUE) rating of at least 95%, at least 90% for a boiler and at least 90% for oil equipment.

The Federal tax credit for a furnace or boiler requires an AFUE of at least 95% and is set at \$150.

### **Air-Source Heat pumps and Air Conditioning**

Do not confuse air-source heat pumps with ground-source pumps. There is a separate fact sheet on those units. Air conditioning systems provide cooling, while an air source heat pump provides both

heating and cooling. Both systems use a compressor, coils, fan, and refrigerant lines to transfer heat to or from outdoors to indoors. Most heat pumps and air conditioning systems are split systems with a separate outdoor and indoor coil and fan. Integrated or packaged have both the coils and fans in the same assembly; these units are common in motel rooms and commercial application.

The requirements to claim a credit for central air conditioning are the same for both the state and federal credits. Window air conditioning units are not eligible. The federal credit for eligible air conditioners and heat pumps is \$300.

Split systems; EER of at least 13 and SEER of at least 16.

Packaged systems; EER of at least 14 and SEER of at least 12.

An air source heat pump can be ducted or ductless. A ducted system uses duct work like a furnace. A ductless system often called a “mini split” utilizes copper lines to transfer refrigerant from the outdoor unit to interior register, often called head(s).

The requirements to claim a credit for air source heat pumps split system are the same for both the state and federal credits.

Split systems; HSPF of at least 8.5, EER of at least 12.5 and SEER of at least 15.

Packaged systems; HSPF of at least 8, EER of at least 12.5 and SEER of at least 14.

### **Ventilation System**

The state credit applies to a Heat recovery ventilator (HRV) that meets the requirements of the CSA C 439-00 standard. HRVs bring fresh air into the house and reclaim about 70% of the heat from the stale air that is being drawn out of the house. There is no federal credit for a ventilation system.

.