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**TITLE:** Geothermal Heat Pump Tax Credit

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As you may be aware, the American Recovery and Revitalization Act of 2009, became law on February 17, 2009. Included were tax credits for alternative energy systems among which are geothermal heat pumps. The language of the bill establishes a one-time tax credit on residential installations for 30% of the installed costs of the system in the year it is placed in service. Units that meet the tax credit specification must have minimum efficiencies of 14.1 EER/3.3 COP for closed (ground) loop or 16.2 EER/3.6 COP for open (ground water) loop.

Eligible geothermal heat pump installations are those “placed in service” between January 1, 2009 and December 31, 2016 and must meet or exceed Energy Star requirements (minimum efficiencies shown above). Owners can file for the credit by completing the Renewable Energy Credits subsection on their tax return forms for the tax year the systems are installed.

**NOTE:** Qualifying geothermal heat pumps installed between January 1, 2008 and December 31, 2008 fall under the Emergency Stabilization Act of 2008 and are eligible for a tax credit of 30% of the installation costs up to \$2,000 maximum.

Important Points About Geothermal Heat Pump Tax Credits:

1. Applies to both new and retrofit installations (all other HVAC products are retrofit only).
2. Is not limited to principal residence (all other HVAC products are principal residence only).
3. Eligible installations from January 1, 2009 to December 31, 2016 (all other HVAC products are 2009-2010 only)
4. 30% of installed system cost (all other HVAC products are 30% up to \$1,500 maximum).

Tax credits reduce the tax payer’s liability for the full amount. Some examples are:

1. Tax liability \$5,000, tax credit of \$3,600 (30% of \$12,000) results in net tax payment due of \$1,400.
2. Tax liability of \$2,000, tax credit of same \$3,600, results in net tax refund of \$1,600.
3. Tax liability of \$0, tax credit of same \$3,600, results in tax refund of \$3,600.

It is recommended to consult with a tax preparer about receiving this credit. No proof of purchase will be required; however in case of an audit, owners are encouraged to keep a detailed invoice of their purchase on file. The contractor who sold and installed the system should list the purchase as a “Geothermal Heat Pump” on the invoice and that it “Exceeds requirements of Energy Star program currently in effect”.

See Manufacturer's Certification which the taxpayer must have when filing for the geothermal tax credit. The taxpayer must keep a copy of the certification statement for their records, but does not have to submit a copy with their tax return. A copy of this Manufacturer's Certification statement is also available on the Bard website [www.bardhvac.com](http://www.bardhvac.com).

Bard geothermal heat pumps that are Energy Star qualified and eligible for the tax credit:

GSVS242-A	GV27S1-AC or AN
GSVS302-A	GV38S1-AC or AN
GSVS361-A	GV51S1-AC or AN
GSVS481-A	GV61S1-AC or AN
GSVS601-A	GV71S1-AC or AN

In summary all Bard geothermal heat pumps (excluding the GSVS421) meet the efficiency requirement for Energy Star and that of the tax credit. This would include the GSVS-Series single stage R-22 units and the new GV-Series 2 stage R-410A units listed above.

