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Are installation costs covered by the tax credits?

Question

Are installation costs covered by the tax credits?

Answer

Installation costs ARE COVERED for:

- HVAC (Heating, Ventilation and Air Conditioning) systems
- Water Heaters (including solar)
- Solar Panels
- Geothermal Heat Pumps
- Wind Energy Systems
- Fuel Cells

The tax credit for HVAC and non-solar water heaters is 30% of the cost plus installation costs, up to \$1,500. The law specifies installation costs include: *"expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property."*

The tax credit for solar water heaters, solar panels, geothermal heat pumps, wind energy systems, and fuel cells is 30% of the cost plus installation costs, **with no upper limit**. The law specifies installation costs include: *"labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property to the home."*

Installation costs are NOT covered by the tax credit for:

- Windows
- Doors
- Insulation
- Roofs

The tax credit for windows, doors, insulation and roofs is for 30% of the cost of materials, up to \$1,500.