



Residential Product Management News

M-425a-2010

January 10, 2011

To: All Branch Managers, Branch Sales Managers, Distributor Principals, Distributor Sales Managers and Territory Managers, Regional Sales Managers, Regional Sales Vice Presidents.

Subject: 2011 Federal Tax Credit Program for York Residential Products (Revised Jan. 10, 2011)

We are pleased to announce that the federal tax credits for York residential HVAC Equipment have been extended until December 31, 2011. This extension was part of the Federal Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, which was signed into law by President Obama on December 17, 2010. This program extension does include several major changes from the tax credit program that was in effect for 2009 and 2010.

Changes for the 2011 federal tax credit program include:

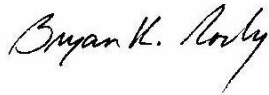
1. Eligible taxpayers can claim 10% of equipment costs **including labor**, up to a maximum total of \$500 in the calendar year 2011.
2. An individual or household lifetime cap of \$500, which dates back to January 2006. For example, if an individual has claimed the 25C tax credit at any time since 2006, for any qualifying upgrade up to or over \$500, they would be **ineligible** to claim the credit in 2011.
3. As of January 1, 2011, the new credit levels will be at pre-ARRA or stimulus levels:
 - a. Maximum of \$50 for any furnace advanced main air circulating fan (where the total electricity use is equal to or less than 2% of the total energy used by the furnace)
 - b. Maximum of \$150 for any qualified natural gas, propane or oil furnace or hot water boiler with an AFUE of 95% or greater
 - c. Maximum of \$300 for any energy-efficient building property equipment (i.e. Central Air/Heat Pumps)
 - 1) Split system air conditioner must be rated at 16 SEER/13 EER or above
 - 2) Split system Heat Pump must be rated at 15 SEER/12.5 EER/ 8.5 HSPF or above.
 - 3) Package air conditioner must be rated at 14 SEER/12 EER or above
 - 4) Package heat pump must be rated at 14 SEER/12 EER/8 HSPF or above
 - 5) Package gas /electric outdoor unit must be rated at 14 SEER/12 EER or above.
4. Equipment must be placed in service after 12/31/2010.
5. The process to claim these tax credits remains the same, where the consumer will file IRS form F5695 with their 2011 tax return to get their tax credit.

With these changes, the 2011 Federal tax credit program does provide some benefits to consumers to purchase high efficiency residential HVAC equipment. The published York Tax Credit Certificates are being updated at this time to reflect these changes for 2011. Please note that since the efficiency levels did not change, all systems currently shown for meeting the tax credits in 2010 will still receive the tax credits in 2011, just at the lower amounts.

As always, the best method to check for new system matches is to go the AHRI website at www.ahridirectory.org and search the applicable Product Directory (AC, Heat Pumps, or Furnaces) and conduct a search for any unit or system matches for ratings that are in the database. Any distributor, contractor, or consumer may search for the system information and download a certificate showing the efficiency levels for that equipment as validated through the AHRI voluntary certification program. The certificates available from the AHRI website meet all requirements for documentation of system ratings needed by the IRS, and may be used in place of the certificates provided by the equipment manufacturer.

Please feel free to contact me if you need any other information on this topic. As always, our goal is to provide our customers with the best products available in the industry.

Best wishes and success in the future!

A handwritten signature in black ink that reads "Bryan K. Rocky". The signature is written in a cursive style with a large, stylized 'R' at the end.

Bryan K. Rocky
Director, Residential Product Management
316-832-6431
bryan.rocky@jci.com