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Clarification on the Tax Incentive for Cool Metal Roofing

The Energy Policy Act of 2005 (EPAct) provided new incentives for cool metal roofing. Specifically, the EPAct offered homeowners tax incentives for making energy efficiency improvements. The details on the incentives affecting cool metal roofing can be found in Title XIII, "Energy Policy Tax Incentives" of the bill passed by Congress.

The provision in the bill at that time offered cost-based incentives of 10% of the amount expended by the taxpayer for "Qualified Energy Efficiency Improvements" to a maximum tax credit limit of \$500. By definition in the bill, *Qualified Energy Efficiency Improvements*, as related to metal roofing, were specifically defined as

"Any metal roof having pigmented coatings specifically designed to reduce heat gain and which meets ENERGY STAR® program requirements "

Clarification of this clause in the EPAct bill came from the IRS office in Washington DC later that year as meaning that the cool metal roof was required to be a prepainted or coated ENERGY STAR labeled product whose coating/paint film was pigmented to reduce heat gain. Unpainted metal roofing that was ENERGY STAR labeled, such as acrylic-coated 55% Al-Zn coated steel, was not to be eligible in this tax incentive since the acrylic coating does not have any "pigmented coatings specially designed to reduce heat gain...."

On February 17, 2009, President Obama signed The American Recovery and Reinvestment Act of 2009 that significantly changed some of the energy efficiency tax credits – including those for homeowners. As a result of the ARRA, homeowners who make energy efficient updates to their home—including the installation of a painted or coated ENERGY STAR labeled metal roof—between January 1, 2009 and December 31, 2010 may be eligible for a tax credit worth 30% of the material cost up to \$1,500 per home over the two-year period. This new program replaces the earlier \$500 tax credit incentive, but does not change the definition of "Qualified Energy Efficiency Improvements" as defined above.

Based on this background and information provided from the IRS and EPA ENERGY STAR program, the tax credits available to homeowners installing a cool metal roof must meet the following requirements:

- Only metal roofs with appropriate pigmented coatings that are also ENERGY STAR labeled
- A metal roof placed in service between 01/01/2009 and 12/31/2010
- A metal roof used on taxpayer's principal residence
- Cost of metal roof materials qualify - NOT installation costs
- Improvements made in 2009 claimed using IRS Tax Form 5695 (2009 version)

This should clear up any confusion about what type of metal roof can qualify for the tax credit available to homeowners making energy efficiency improvements.

Please contact Scott Kriner (skriner1@verizon.net) with any questions on this issue.

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