

Ask Jon Eakes

ARE THERE ANY TAX BREAKS IN REWINTERIZING?

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Tax laws both discourage and encourage investment in rewinterizing. The tax bite:-- Some government grants are taxable, meaning that they are only worth what is left after taxes. That means that an "off-Oil" grant of \$800 is really worth less, depending on your tax bracket.-- Unfortunately, major energy-savings measures are heavily taxed through higher property evaluations. This is a political reality totally inconsistent with national energy priorities. You have to add higher property taxes into your project cost as an annual recurring expense that directly and significantly reduces the value of annual energy savings. Tax incentives:-- In addition to raising the property taxes on your home, rewinterizing increases its resale value. If this is your principal residence, the increased resale value is free from the capital gains tax when you sell this investment.-- The government hasn't yet figured out how to tax energy savings as such. Energy costs are paid out of after-tax income; energy savings are added back into after-tax income (you simply spend less of your disposable income on energy and have more left over for other things). From an investment point of view, this is non-taxable revenue which can greatly raise the return value when compared to investing the same money elsewhere. (As well, this investment return is guaranteed to increase every year in direct proportion to the rise in the cost of energy.)

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