

Residential Energy Credits

▶ See instructions.
 ▶ Attach to Form 1040 or Form 1040NR.

Your social security number

Before You Begin Part I: Figure the amount of any credit for the elderly or the disabled you are claiming.

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

		<input type="checkbox"/> Yes	<input type="checkbox"/> No
1 Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions) ▶	1		
<i>Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.</i>			
2 Qualified energy efficiency improvements (see instructions).			
a Insulation material or system specifically and primarily designed to reduce the heat loss or gain of your home	2a		
b Exterior windows (including certain storm windows) and skylights	2b		
c Exterior doors (including certain storm doors)	2c		
d Metal roof with appropriate pigmented coatings, or asphalt roof with appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation	2d		
3 Residential energy property costs (see instructions).			
a Energy-efficient building property	3a		
b Qualified natural gas, propane, or oil furnace or hot water boiler	3b		
c Advanced main air circulating fan used in a natural gas, propane, or oil furnace	3c		
4 Add lines 2a through 3c	4		
5 Multiply line 4 by 30% (.30)	5		
6 Maximum credit amount. (If you jointly occupied the home, see instructions)	6	\$1,500	
7 Enter the smaller amount of line 5 or line 6	7		
8 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	8		
9 Enter the total, if any, of your credits from Form 1040, lines 47 through 50, and Schedule R, line 24; or Form 1040NR, lines 44 through 46	9		
10 Subtract line 9 from line 8. If zero or less, stop . You cannot take the nonbusiness energy property credit	10		
11 Nonbusiness energy property credit. Enter the smaller of line 7 or line 10	11		

Before You Begin Part II:

Figure the amount of any of the following credits you are claiming.

- Credit for the elderly or the disabled.
- District of Columbia first-time homebuyer credit.
- Alternative motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified plug-in electric drive motor vehicle credit.

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

Note. Skip lines 12 through 21 if you only have a **credit carryforward from 2008.**

12 Qualified solar electric property costs	12		
13 Qualified solar water heating property costs	13		
14 Qualified small wind energy property costs	14		
15 Qualified geothermal heat pump property costs	15		
16 Add lines 12 through 15	16		
17 Multiply line 16 by 30% (.30)	17		
18 Qualified fuel cell property costs	18		
19 Multiply line 18 by 30% (.30)	19		
20 Kilowatt capacity of property on line 18 above ▶ _____ x \$1,000	20		
21 Enter the smaller of line 19 or line 20	21		
22 Credit carryforward from 2008. Enter the amount, if any, from your 2008 Form 5695, line 28	22		
23 Add lines 17, 21, and 22	23		
24 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	24		
25 1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 50; line 11 of this form; line 12 of the Line 11 worksheet in Pub. 972 (see instructions); Form 8396, line 11; Form 8839, line 18; Form 8859, line 11; Form 8834, line 22; Form 8910, line 21; Form 8936, line 14; and Schedule R, line 24. 1040NR filers: Enter the amount, if any, from Form 1040NR, lines 44 through 46; line 11 of this form; line 12 of the Line 11 worksheet in Pub. 972 (see instructions); Form 8396, line 11; Form 8839, line 18; Form 8859, line 11; Form 8834, line 22; Form 8910, line 21; and Form 8936, line 14.	25		
26 Subtract line 25 from line 24. If zero or less, enter -0- here and on line 27	26		
27 Residential energy efficient property credit. Enter the smaller of line 23 or line 26	27		
28 Credit carryforward to 2010. If line 27 is less than line 23, subtract line 27 from line 23	28		

Part III Current Year Residential Energy Credits

29 Add lines 11 and 27. Enter the result here and on Form 1040, line 52, or Form 1040NR, line 48, and check box c on that line	29		
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General Instructions

Section references are to the Internal Revenue Code.

What's New

Nonbusiness energy property credit. The nonbusiness energy property credit has been reinstated for qualified property placed in service after 2008. The credit is limited to a total of \$1,500 for tax years 2009 and 2010. The credit has also been expanded to include certain biomass fuel stoves and asphalt roofs. For more details, see *Nonbusiness Energy Property Credit* below.

Residential energy efficient property credit. The annual maximum credit limits have been eliminated for qualified solar, small wind energy, and geothermal heat pump property costs. For more details, see *Residential Energy Efficient Property Credit* on this page.

Purpose of Form

Use Form 5695 to figure and take your residential energy credits. The residential energy credits are:

- The nonbusiness energy property credit, and
- The residential energy efficient property credit.

Also use Form 5695 to take any residential energy efficient property credit carryforward from 2008.

Who Can Take the Credits

You may be able to take the credits if you made energy saving improvements to your home located in the United States in 2009. For credit purposes, costs are treated as being paid when the original installation of the item is completed, or in the case of costs connected with the construction or reconstruction of your home, when your original use of the constructed or reconstructed home begins. If less than 80% of the use of an item is for nonbusiness purposes, only that portion of the costs that are allocable to the nonbusiness use can be used to determine the credits.

Home. A home is where you lived in 2009 and can include a house, houseboat, mobile home, cooperative apartment, condominium, and a manufactured home that conforms to Federal Manufactured Home Construction and Safety Standards.

You must reduce the basis of your home by the amount of any credits allowed.

Main home. Your main home is generally the home where you live most of the time. A temporary absence due to special circumstances, such as illness, education, business, military service, or vacation, will not change your main home.

Special rules. If you are a member of a condominium management association for a condominium you own or a tenant-stockholder in a cooperative housing corporation, you are treated as having paid your proportionate share of any costs of such association or corporation.



If you received a subsidy from a public utility for the purchase or installation of an energy conservation product and that subsidy was not included in your gross income, you must reduce your cost for the product by the amount of that subsidy before you compute your credit. This rule also applies if a third party (such as a contractor) receives the subsidy on your behalf.

Nonbusiness Energy Property Credit

You may be able to take a credit of 30% of the costs paid or incurred in 2009 for any qualified energy efficiency improvements and any residential energy property. The credit is limited to a total of \$1,500 for tax years 2009 and 2010.

Qualified energy efficiency improvements. Qualified energy efficiency improvements are the following building envelope components installed on or in your main home that you owned during 2009 located in the United States if the original use of the component begins with you and the component can be expected to remain in use at least 5 years.

- Any insulation material or system that is specifically and primarily designed to reduce heat loss or gain of a home when installed in or on such a home.
- Exterior windows (including certain storm windows and skylights).
- Exterior doors (including certain storm doors).

- Any metal roof with appropriate pigmented coatings, or asphalt roof with appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation.

For purposes of figuring the credit, do not include amounts paid for the onsite preparation, assembly, or original installation of the property.



To qualify for the credit, qualified energy efficiency improvements must meet certain energy efficiency requirements. See Lines 2a Through 2d on page 4 for details.

Residential energy property costs. Residential energy property costs are costs of new qualified energy property that is installed on or in connection with your main home that you owned during 2009 located in the United States. This includes labor costs properly allocable to the onsite preparation, assembly, or original installation of the property. Qualified residential energy property is any of the following.

- Certain electric heat pump water heaters; electric heat pumps; central air conditioners; natural gas, propane, or oil water heaters; and stoves that use biomass fuel.
- Qualified natural gas, propane, or oil furnaces; and qualified natural gas, propane, or oil hot water boilers.
- Certain advanced main air circulating fans used in natural gas, propane, or oil furnaces.



To qualify for the credit, qualified residential energy property must meet certain energy efficiency requirements. See Lines 3a Through 3c on page 5 for details.

Joint ownership of qualified property. If you and a neighbor shared the cost of qualifying property to benefit each of your main homes, both of you can take the nonbusiness energy property credit. You figure your credit on the part of the cost you paid. The limit on the amount of the credit applies to each of you separately.

Married taxpayers with more than one home. If both you and your spouse owned and lived apart in separate main homes, the limit on the amount of the credit applies to each of you separately. If you are filing separate returns, both of you would complete a separate Form 5695. If you are filing a joint return, figure your nonbusiness energy property credit as follows.

1. Complete Part I of a separate Form 5695 for each main home through line 5.
2. Figure the amount to be entered on line 5 of both forms (but not more than \$1,500 for each form) and enter the combined amount on line 5 of one of the forms.
3. On line 6 of the form with the combined amount on line 5, cross out the preprinted \$1,500 and enter \$3,000.
4. On the dotted line to the left of line 6, enter "More than one main home." Then, complete the rest of this form.
5. Attach both forms to your return.

Joint occupancy. If you owned your home jointly, each owner must complete his or her own Form 5695. Your credit is limited to the smaller of:

1. The amount you paid, or
2. \$1,500 multiplied by a fraction. The numerator is the amount you paid and the denominator is the total amount paid by you and all other owners.

These rules do not apply to married individuals filing a joint return.

Residential Energy Efficient Property Credit

You may be able to take a credit of 30% of your costs of qualified solar electric property, solar water heating property, small wind energy property, geothermal heat pump property, and fuel cell property. This includes 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. The credit amount for costs paid for qualified fuel cell property is limited to \$500 for each one-half kilowatt of capacity of the property.

Qualified solar electric property costs. Qualified solar electric property costs are costs for property that uses solar energy to generate electricity for use in your home located in the United States. This includes costs relating to a solar panel or other property installed as a roof or a portion of a roof. The home does not have to be your main home.

Qualified solar water heating property costs. Qualified solar water heating property costs are costs for property to heat water for use in your home located in the United States if at least half of the energy used by the solar water heating property for such purpose is derived from the sun. This includes costs relating to a solar panel or other property installed as a roof or a portion of a roof. To qualify for the credit, the property must be certified for performance by the nonprofit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the state in which the property is installed. The home does not have to be your main home.

Qualified small wind energy property costs. Qualified small wind energy property costs are costs for property that uses a wind turbine to generate electricity for use in connection with your home located in the United States. The home does not have to be your main home.

Qualified geothermal heat pump property costs. Qualified geothermal heat pump property costs are costs for qualified geothermal heat pump property installed on or in connection with your home located in the United States. Qualified geothermal heat pump property is any equipment that uses the ground or ground water as a thermal energy source to heat your home or as a thermal energy sink to cool your home. To qualify for the credit, the geothermal heat pump property must meet the requirements of the Energy Star program that are in effect at the time of purchase. The home does not have to be your main home.

Qualified fuel cell property costs. Qualified fuel cell property costs are costs for qualified fuel cell property installed on or in connection with your main home located in the United States. Qualified fuel cell property is an integrated system comprised of a fuel cell stack assembly and associated balance of plant components that converts a fuel into electricity using electrochemical means. To qualify for the credit, the fuel cell property must have a nameplate capacity of at least one-half kilowatt of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.



Costs allocable to a swimming pool, hot tub, or any other energy storage medium which has a function other than the function of such storage do not qualify for the residential energy efficiency credit.

Joint occupancy. If you occupied your home jointly, each occupant must complete his or her own Form 5695. To figure the credit, the maximum qualifying costs that can be taken into account by all occupants for qualified fuel cell property costs is \$1,667 for each one-half kilowatt of capacity of the property. The amount allocable to you for qualified fuel cell property costs is the lesser of:

1. The amount you paid, or
2. The maximum qualifying cost of the property multiplied by a fraction. The numerator is the amount you paid and the denominator is the total amount paid by you and all other occupants.

These rules do not apply to married individuals filing a joint return.

Example. Taxpayer A owns a house with Taxpayer B where they both reside. In 2009, they installed qualified fuel cell property at a cost of \$20,000 with a kilowatt capacity of 5. Taxpayer A paid \$12,000 towards the cost of the property and Taxpayer B paid the remaining \$8,000. The amount to be allocated is \$16,670 ($\$1,667 \times 10$ (kilowatt capacity \times 2)). The amount of cost allocable to Taxpayer A is \$10,002 ($\$16,670 \times \$12,000/\$20,000$). The amount of cost allocable to Taxpayer B is \$6,668 ($\$16,670 \times \$8,000/\$20,000$).

Specific Instructions

Part I

Nonbusiness Energy Property Credit

Line 1

To qualify for the credit, any qualified energy efficiency improvements or residential energy property costs must have been for your main home located in the United States. See *Main home* on page 3. If you check the "No" box, you cannot take the nonbusiness energy property credit.

Lines 2a Through 2d

Note. Unless otherwise noted, any references to the International Energy Conservation Code (IECC) are treated as references to either the 2001 Supplement of the 2000 IECC or the 2004 Supplement of the 2003 IECC.



Do not include on lines 2a through 2d any amounts paid for the onsite preparation, assembly, or original installation of the components.

Line 2a. Enter the amounts you paid for any insulation material or system (including any vapor retarder or seal to limit infiltration) that is specifically and primarily designed to reduce the heat loss or gain of your home when installed in or on such home and may be taken into account in determining whether the building thermal envelope requirements established by the IECC are satisfied.

For property placed in service after February 17, 2009, the property must be specifically and primarily designed to reduce the heat loss or gain of your home when installed on or in such home and must also meet the prescriptive criteria established by the 2009 IECC as in effect (with supplements) on February 17, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.



A component is not specifically and primarily designed to reduce the heat loss or gain of your home if it provides structural support or a finished surface (such as drywall or siding) or its principal purpose is to serve any function unrelated to the reduction of heat loss or gain.

Line 2b. Enter the amounts you paid for exterior windows (including any storm windows installed with such exterior windows) and skylights that meet or exceed the prescriptive criteria established by the IECC for the climate zone in which these components were installed.

For property placed in service after February 17, 2009, in addition to meeting the prescriptive criteria for such component established by the IECC, the property must have a U-factor of 0.30 or less and a solar heat gain coefficient (SHGC) of 0.30 or less. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009. In addition, for exterior windows and skylights purchased before June 1, 2009, you can rely on the Energy Star label, rather than a manufacturer's certification if the property is installed in the region identified on the label.

Line 2c. Enter the amounts you paid for exterior doors that meet or exceed the criteria established by the IECC for the climate zone in which such doors were installed. Also, enter the amounts you paid for any storm door that, in combination with a wood door assigned a default U-factor by the IECC, does not exceed the default U-factor requirement assigned to such combination by the IECC.

For property placed in service after February 17, 2009, in addition to meeting the prescriptive criteria for such component established by the IECC, the property must have a U-factor of 0.30 or less and a SHGC of 0.30 or less. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

Line 2d. Enter the amounts you paid for a metal roof with the appropriate pigmented coatings or an asphalt roof with the appropriate cooling granules, that are specifically and primarily designed to reduce the heat gain of your home, and the roof meets or exceeds the Energy Star program requirements in effect at the time of purchase or installation.

Manufacturer's certification. For purposes of taking the credit, you can rely on a manufacturer's certification in writing that a building envelope component is an eligible building envelope component. Do not attach the certification to your return. Keep it for your records.

Lines 3a Through 3c



Also include on lines 3a through 3c any labor costs properly allocable to the onsite preparation, assembly, or original installation of the property.

Line 3a. Enter the amounts you paid for energy-efficient building property. Energy-efficient building property is any of the following.

- An electric heat pump water heater that yields an energy factor of at least 2.0 in the standard Department of Energy test procedure.
- An electric heat pump that has a heating seasonal performance factor (HSPF) of at least 9, a seasonal energy efficiency rating (SEER) of at least 15, and an energy efficiency rating (EER) of at least 13.

For property placed in service after February 17, 2009, the property must achieve the highest efficiency tier established by the Consortium for Energy Efficiency (CEE) as in effect on January 1, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A central air conditioner that achieves the highest efficiency tier that has been established by the CEE as in effect on January 1, 2006.

For property placed in service after February 17, 2009, the property must achieve the highest efficiency tier established by the CEE as in effect on January 1, 2009. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A natural gas, propane, or oil water heater that has an energy factor of at least 0.80 or a thermal efficiency of at least 90%.

For property placed in service after February 17, 2009, the property must have an energy factor of at least 0.82 or a thermal efficiency of at least 90%. However, if you purchased property before June 1, 2009, you can still take the credit if you relied on the manufacturer's certification issued before February 18, 2009, that the property met the standards in effect before February 18, 2009.

- A stove that uses the burning of biomass fuel to heat your home or heat water for your home that has a thermal efficiency rating of at least 75% as measured by using a lower heating value. Biomass fuel is any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

Line 3b. Enter the amounts you paid for a natural gas, propane, or oil furnace or hot water boiler that achieves an annual fuel utilization efficiency rate of at least 95.

For a natural gas, propane, or oil hot water boiler or oil furnace placed in service after February 17, 2009, the annual fuel utilization efficiency rate is reduced to 90.

Line 3c. Enter the amounts you paid for an advanced main air circulating fan used in a natural gas, propane, or oil furnace that has an annual electricity use of no more than 2% of the total annual energy use of the furnace (as determined in the standard Department of Energy test procedures).

Manufacturer's certification. For purposes of taking the credit, you can rely on a manufacturer's certification in writing that a product is qualified residential energy property. Do not attach the certification to your return. Keep it for your records.

Line 6

If the rules on page 3 for joint occupancy apply, cross out the preprinted \$1,500 on line 6 and enter on line 6 the smaller of:

1. The amount on line 4, or
2. \$1,500 multiplied by a fraction. The numerator is the amount on line 4. The denominator is the total amount from line 4 for all owners.

For more details, see *Joint occupancy* on page 3.

Part II

Residential Energy Efficient Property Credit



Also include on lines 12 through 15, and 18, any 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.

Line 12

Enter the amounts you paid for qualified solar electric property. See *Qualified solar electric property costs* on page 4.

Line 13

Enter the amounts you paid for qualified solar water heating property. See *Qualified solar water heating property costs* on page 4.

Line 14

Enter the amounts you paid for qualified small wind energy property. See *Qualified small wind energy property costs* on page 4.

Line 15

Enter the amounts you paid for qualified geothermal heat pump property. See *Qualified geothermal heat pump property costs* on page 4.

Line 18

Enter the amounts you paid for qualified fuel cell property. See *Qualified fuel cell property costs* on page 4.

Line 25

If you are claiming the child tax credit for 2009, include on this line the amount from line 12 of the Line 11 Worksheet in Pub. 972.



If you are not claiming the child tax credit for 2009, you do not need Pub. 972.

Manufacturer's certification. For purposes of taking the credit, you can rely on the manufacturer's certification in writing that a product is qualifying property for the credit. Do not attach the certification to your return. Keep it for your records.

Line 28

If you cannot use all of the credit because of the tax liability limit (line 26 is less than line 23), you can carry the unused portion of the credit to 2010.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.



Manufacturer's Certification Statement for the Emergency Economic Stabilization Act of 2008

PRODEX certifies that the following radiant barriers and reflective insulation products are certified and qualified as Eligible Building Envelope Components for the “Emergency Economic Stabilization Act of 2008.” The residential applications that qualify for the credit are Attics, Walls, and Crawl Spaces when they are properly installed.

PRODEX AD5 PRODEX AD5 FAST action

Under penalties of perjury, I declare that I have examined this certification statement, and to the best of my knowledge and belief, the facts are true, correct, and complete.

Sergio Luconi B.
Business Vice President



Homeowner's Records

The following product has been installed in the home below, which is the primary residence of the following taxpayer:

Taxpayer Name:

Social Security Number:

Primary Residence:

Product Purchased and
Installed:

Date of Purchase:

Date of Installation at
Primary Residence:



Manufacturer's Certificate Statement for the American Recovery and Reinvestment Act of 2009

Date: 02/24/2009
From: Tevan Riedel, President of Americover® Inc.
Address: 2067 Wineridge Pl. Suite F
Escondido, CA 92029
Re: Manufacturer's Certification Statement for American Recovery and
Reinvestment Act of 2009
International Energy Conservation Code (IECC)

Product Type: Vapor Barrier

The Product listed below are certified and qualified as Eligible Building Envelope Components for the American Recover and Reinvestment Act of 2009
The residential applications that qualify for credit are: Walls, Crawl Spaces and Basements (when properly installed per installation instructions).

Goldentouch™
Vapor Barrier 10 & 15
DuraSkrim® 20 WW
Tuff Scrim™ TS 14

Under the penalties of perjury, I declare that I have examined this certification statement, and to the best of my knowledge and belief, the facts are true, correct, and complete.



Tevan Riedel, President
Americover Inc.

2/24/09
Date



Federal Tax Credits for Energy Efficiency

UPDATED February 20, 2009

Federal Tax Credits for Energy Efficiency includes:

- [Tax Credits for Consumers](#)
 - [Home Improvements](#)
 - [Windows and Doors](#)
 - [Insulation](#)
 - [HVAC](#)
 - [Geothermal Heat Pumps](#)
 - [Water Heaters](#)
 - [Biomass Stoves](#)
 - [Solar Energy Systems](#)
 - [Small Wind Energy Systems](#)
 - [Fuel Cells](#)
 - [Cars](#)
- [Tax Credits for Home Builders](#)
- [Tax Deductions for Commercial Buildings](#)
- [For More Information](#)

How has the new Stimulus bill affected the tax credits for energy efficient home improvements?

On February 17, 2009, President Obama signed a stimulus bill (The American Recovery and Reinvestment Act of 2009) that made some significant changes to the energy efficiency tax credits. The highlights are:

- The tax credits that were previously effective for 2009, have been extended to 2010 as well.
- The tax credit has been raised from 10% to 30%.
- The tax credits that were for a specific dollar amount (ex \$300 for a CAC), have been converted to 30% of the cost.
- The maximum credit has been raised from \$500 to \$1500 for the two years (2009–2010). However, some improvements such as geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum.
- The \$200 cap on windows has been removed.

**Please note, not all ENERGY STAR qualified homes and products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels, which typically cost much more than standard products. If, for whatever reason, you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, will pay you back in lower energy bills within a reasonable amount of time, without a tax credit.

Tax Credits for Consumers:

Home Improvements


Tax credits are now available for home improvements:


- must be "[placed in service](#)" from January 1, 2009 through December 31, 2010
- must be for taxpayers principal residence
- maximum amount is \$1,500 in 2009 & 2010 for most home improvements (geothermal heat pumps, solar water heaters, solar panels, fuel cells, and windmills are not subject to this cap)
- for record keeping, save your receipts and the [Manufacturer Certification Statement](#)³, OR for windows, you can



save the ENERGY STAR label from your new windows



- improvements made in 2009 will be claimed on your 2009 taxes (filed by April 15, 2010) — use IRS Tax Form 5695 (2009 version) — it will be available late 2009 or early 2010
- If you are building a new home, you can qualify for the tax credit for photovoltaics, solar water heaters, small wind systems and fuel cells, **but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters.** [More](#).

SUMMARY OF TAX CREDITS FOR HOMEOWNERS

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Windows & Doors	Exterior Windows and Skylights	U factor \leq 0.30 SHGC \leq 0.30	30% of cost, up to \$1,500 ²	Not all ENERGY STAR labeled windows and skylights qualify for tax credit.
	Storm Windows	Meets IECC ¹ in combination with the exterior window over which it is installed, for the applicable climate zone	30% of cost, up to \$1,500 ²	Manufacturer Certification Statement ³ will list classes of exterior window (single pane, clear glass, double pane, low-E coating, etc.) ⁴ that a product may be combined with to be eligible in specific climate zones.
	Exterior Doors	U factor \leq 0.30 SHGC \leq 0.30	30% of cost, up to \$1,500 ²	Not all ENERGY STAR doors will qualify.
	Storm Doors	In combination with a wood door assigned a default U-factor by the IECC ¹ , and does not exceed the default U-factor requirement assigned to such combination by the IECC	30% of cost, up to \$1,500 ²	
Roofing	Metal Roofs, Asphalt Roofs	ENERGY STAR qualified	30% of cost, up to \$1,500 ²	All ENERGY STAR labeled metal and asphalt roofs qualify for the tax credit. Must be expected to last 5 years OR have a 2 year warranty.
Insulation	Insulation	Meets 2009 IECC & Amendments	30% of cost, up to \$1,500 ²	For insulation to qualify, its primary purpose must be to insulate. (example: vapor retarders are covered, siding does not qualify). Must be expected to last 5 years OR have a 2 year warranty
HVAC	Central A/C	<i>Split Systems:</i> EER \geq 13 SEER \geq 16 <i>Package systems:</i> EER \geq 12 SEER \geq 14	30% of cost, up to \$1,500 ²	For a list of qualified products, go to the Consortium for Energy Efficiency product directory EXIT  , click on the Air Conditioners and in the “CEE Tier” enter “Residential Advanced Tier 3” for CAC Split Systems, and “Residential Tier 2” for CAC

	Air Source Heat Pumps	<p><i>Split Systems:</i> HSPF \geq 8.5 EER \geq 12.5 SEER \geq 15</p> <p><i>Package systems:</i> HSPF \geq 8 EER \geq 12 SEER \geq 14</p>	30% of cost, up to \$1,500 ²	<p>package systems and ASHPs.</p> <p>Note — not all ENERGY STAR products will qualify for the tax credit.</p> <p>ENERGY STAR Spec (same for CAC and ASHP):</p> <p><i>Split Systems:</i> HSPF \geq 8.2 EER \geq 12 SEER \geq 14.5</p> <p><i>Package systems:</i> HSPF \geq 8 EER \geq 11 SEER \geq 14</p>
	Natural Gas or Propane Furnace	AFUE \geq 95	30% of cost, up to \$1,500 ²	For a list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↔
	Oil Furnace	AFUE \geq 90	30% of cost, up to \$1,500 ²	Not all ENERGY STAR products will qualify for the tax credit.
	Gas, Propane, or Oil Hot Water Boiler	AFUE \geq 90	30% of cost, up to \$1,500 ²	<p>ENERGY STAR Spec:</p> <p>Gas Furnaces: AFUE \geq 90</p> <p>Oil Furnaces: AFUE \geq 85</p> <p>Boilers: AFUE \geq 85</p>
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	30% of cost, up to \$1,500 ²	For a partial list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↔
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	<p>Same criteria as ENERGY STAR:</p> <p>Closed Loop: EER \geq 14.1 COP \geq 3.3</p> <p>Open Loop: EER \geq 16.2 COP \geq 3.6</p> <p>Direct Expansion: EER \geq 15 COP \geq 3.5</p>	30% of the cost - NOT subject to \$1,500 cap	<p>All ENERGY STAR labeled geo-thermal heat pumps qualify for the tax credit.</p> <p>Use IRS Form 5695  EXIT ↔</p> <p>Must be “placed into service” between Jan. 1, 2008–Dec. 31, 2016.</p>
Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor \geq 0.82 or a thermal efficiency of at least 90%.	30% of cost, up to \$1,500 ²	Not all ENERGY STAR gas storage and gas condensing water heaters will qualify for the tax credit. All ENERGY STAR gas tankless models will qualify.

				<p>ENERGY STAR criteria:</p> <p>Gas Storage: Energy Factor \geq .62</p> <p>Gas Tankless: Energy Factor \geq 0.82</p> <p>Gas Condensing: Energy Factor \geq 0.8</p> <p>For a partial list of qualifying products go to the Gas Appliance Manufacturing Association EXIT ↔</p>
	Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor \geq 2.0	30% of cost, up to \$1,500 ²	All ENERGY STAR qualified electric heat pump water heaters qualify for the tax credit.
Biomass Stove	Biomass Stove	<p>Stove which burns biomass fuel⁵ to heat a home or heat water.</p> <p>Thermal efficiency rating of at least 75% as measured using a lower heating value.</p>	30% of cost, up to \$1,500 ²	
Solar Energy Systems	Solar Water Heating	<p>At least half of the energy generated by the “qualifying property” must come from the sun. Homeowners may only claim spending on the solar water heating system property, not the entire water heating system of the household.</p> <p>The credit is not available for expenses for swimming pools or hot tubs.</p> <p>The water must be used in the dwelling.</p> <p>The system must be certified by the Solar Rating and Certification Corporation (SRCC).</p>	30% of cost	<p>Use IRS Form 5695  EXIT ↔</p> <p>Must be placed in service before December 31, 2016.</p>
	Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of cost	<p>Use IRS Form 5695  EXIT ↔</p> <p>Must be placed in service before December 31, 2016.</p>
Small Wind Energy Systems	Residential Small Wind Energy Systems		30% of the cost	<p>Must be placed in service by December 31, 2016.</p> <p>Use IRS Tax Form 5695 (version</p>

				2009). This form should be available in late 2009 or early 2010. Not limited to \$1,500 cap.
Fuel Cells	Residential Fuel Cell and microturbine system	Efficiency of at least 30% and must have a capacity of at least 0.5 kW.	30% of the cost, up to \$1500 per .5 kW of power capacity	Must be placed in service by December 31, 2016. Use IRS Tax Form 5695 (version 2009). This form should be available in late 2009 or early 2010. Not limited to \$1,500 cap.
Cars	Hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles		Based on a formula determined by vehicle weight, technology, and fuel economy compared to base year models	There is a 60,000 vehicle limit per manufacturer before a phase-out period begins. Toyota and Honda have already been phased out. Credit is still available for Ford, GM and Nissan. For more information visit: Fuelconomy.gov EXIT ⇄ Use IRS Form 8910  EXIT ⇄ for hybrid vehicles purchased for personal use. Use IRS Form 3800  EXIT ⇄ for hybrid vehicles purchased for business purposes.
	Plug-in hybrid electric vehicles		\$2,500–\$7,500	The first 250,000 vehicles sold get the full tax credit (then it phases out like the hybrid vehicle tax credits). Effective January 1, 2009.

¹Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code.

²Subject to a \$1,500 maximum per homeowner for all improvements combined.

³A Manufacturer's Certification is a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit. The IRS encourages manufacturers to provide these Certifications on their website to facilitate identification of qualified products. Taxpayers must keep a copy of the certification statement for their records, but do not have to submit a copy with their tax return.

⁴Additional information on exterior window features may be viewed at [Anatomy of an Energy Efficient Window](#).

⁵Biomass Fuel means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

The IRS defines "[placed in service](#)" as when the property is ready and available for use.

Efficient Cars

Starting January 1, 2009, there is a new tax credit for Plug-in hybrid electric vehicles, starting at \$2,500 and capped at \$7,500 for cars and trucks (the credit is based on the capacity of the battery system). The first 250,000 vehicles sold get the full tax credit (then it phases out like the hybrid vehicle tax credits).

Tax credits are available to buyers of hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles. The tax credit amount is based on a formula determined by vehicle weight, technology, and fuel economy compared to base year models. These credits are available for vehicles [placed in service](#) starting January 1, 2006. For hybrid and diesel vehicles made by each manufacturer, the credit will be phased out over 15 months starting after that manufacturer has sold 60,000 eligible vehicles. For vehicles made by manufacturers that have not reached the end of the phase-out, the credits will end for vehicles [placed in service](#) after December 31, 2010. [See the IRS Website for updated information](#) [EXIT](#) ↗ .

Tax Credits for Home Builders:

Eligible contractors need to fill out [IRS Form 8908](#) [EXIT](#) ↗ to get the tax credit. The IRS has provided the following guidance regarding the tax credits for constructing energy efficient new homes available under the Energy Policy Act of 2005:

- [IRS Notice 2006-27](#) [EXIT](#) ↗ provides guidance for the credit for building energy efficient homes other than manufactured homes.
- [IRS Notice 2006-28](#) [EXIT](#) ↗ provides guidance for the credit for building energy efficient manufactured homes.

Home builders are eligible for a \$2,000 tax credit for a new energy efficient home that achieves 50% energy savings for heating and cooling over the 2004 International Energy Conservation Code (IECC) and supplements. At least 1/5 of the energy savings must come from building envelope improvements. This credit also applies to contractors of manufactured homes conforming to Federal Manufactured Home Construction and Safety Standards.

There is also a \$1,000 tax credit to the producer of a new manufactured home achieving 30% energy savings for heating and cooling over the 2004 IECC and supplements (at least 1/3 of the savings must come from building envelope improvements), or a manufactured home meeting the [requirements](#) established by EPA under the ENERGY STAR program.

Please note that, with the exception of the tax credit for an ENERGY STAR qualified manufactured home, these tax credits are not directly linked to ENERGY STAR. Therefore, a builder of an ENERGY STAR qualified home may be eligible for a tax credit but it is not guaranteed.

These tax credits apply to new homes located in the United States whose construction is substantially completed after August 8, 2005 and that are acquired from the eligible contractor for use as a residence from January 1, 2006 through December 31, 2009.

Tax Deductions for Commercial Buildings:

A tax deduction of up to \$1.80 per square foot is available to owners or designers of new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001. Partial deductions of up to \$.60 per square foot can be taken for measures affecting any one of three building systems: the building envelope, lighting, or heating and cooling systems. These tax deductions are available for systems "[placed in service](#)" from January 1, 2006 through December 31, 2013.

Take the [ENERGY STAR Challenge](#) to find the best opportunities for energy savings, set goals for improvement, and achieve superior energy efficiency.

- [IRS Notice 2006-52 \(6/2/2006\)](#) [EXIT](#) ↗ provides guidance on deduction for energy efficient commercial buildings.
- [IRS Notice 2008-40 \(4/7/2008\) - Amplification of Notice 2006-52](#) [EXIT](#) ↗
- [Qualified Software for Calculating Energy Savings](#) [EXIT](#) ↗

- [Commercial Building Tax Deduction Coalition](#) **EXIT** ⇄

For More Information:

- [Tax Incentives Assistance Project \(TIAP\)](#) **EXIT** ⇄
- [Energy Policy Act of 2005](#)  **EXIT** ⇄
- [Emergency Economic Stabilization Act of 2008](#)  **EXIT** ⇄
- [Department of Energy Web site on Tax Incentives](#) **EXIT** ⇄

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