

Tax Credits for Home Energy Improvements

If you buy an energy-efficient product or renewable energy system for your home, you may be eligible for a federal tax credit. This fact sheet provides an overview of current federal tax credits for energy efficiency.

Several products—from appliances to solar electric properties—are currently eligible for a federal tax credit. While some products bought in 2009 and early 2010 are eligible for credit on your 2009 return, others will be eligible through 2016.

For the most up-to-date information, contact a tax professional to apply these tax credits appropriately and get the maximum credit available. You should not rely solely on Web sites or printed material. The table on the right provides overview information for most products.



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Products Eligible for Tax Credits Through 2010

Product	Credit	When and Where
<ul style="list-style-type: none"> • Biomass stoves • Central air conditioners, electric heat pumps, furnaces and boilers, and advanced main air circulating fans • Insulation material or systems specifically and primarily designed to reduce heat loss or gain • Roofing: Metal and asphalt • Water heaters (non solar): Electric heat pump, natural gas, propane, and oil • Exterior windows, doors, and skylights; qualified storm doors and storm windows 	30% of cost, up to \$1,500	<ul style="list-style-type: none"> • 2009 and 2010 only • Existing primary homes only

Products Eligible for Tax Credits Through 2016

<ul style="list-style-type: none"> • Geothermal heat pumps • Solar electric and solar water heating property • Wind energy systems 	30% of cost, with no upper limit	<ul style="list-style-type: none"> • Must be “placed in service” by Dec. 31, 2016 • Primary or secondary homes only • New and existing homes
<ul style="list-style-type: none"> • Residential fuel cell systems 	30% of cost, up to \$500 per .5 kW of power capacity	<ul style="list-style-type: none"> • Must be “placed in service” by Dec. 31, 2016 • Primary residence; new and existing homes

Additional Tax Credits

<ul style="list-style-type: none"> • Vehicles: Hybrid gasoline-electric, advanced lean-burn, battery-electric, alternative fuel, fuel cell, plug-in electric 	Credit varies by vehicle type: phased-out after certain number of vehicles are sold	<ul style="list-style-type: none"> • Visit fuelconomy.gov for eligibility
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How to Claim Your Tax Credit

- Use IRS Tax Form 5695 to claim improvements made on your home
- Use the 2010 version of the following IRS Tax Forms for vehicles:
 - IRS Form 8936 for plug-in electric vehicles
 - IRS Form 8910 for other eligible vehicles (personal use)
 - IRS Form 3800 for other eligible vehicles (business use)
- Forms for 2010 will be available from the IRS in late 2010 or early 2011
- Save your receipts and the manufacturer certification statement for your records



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Get More Information

- **Energystar.gov:** Provides details on eligibility requirements, products and limitations
- **Dsireusa.org:** Provides information on the Database of State Incentives for Renewables and Efficiency
- **Fueleconomy.gov:** Provides details on which vehicles are still eligible for the federal tax credit
- **Energytaxincentives.org:** The Tax Incentives Assistance Project, which will help you take advantage of the tax credits
- **IRS.gov:** Provides all tax forms and instructions for filling them out properly

The credits are nonrefundable—in other words, the credits are only available to the extent you have a tax liability. For 2010, the credits for home energy improvement products eligible through 2010 may be limited if you are subject to the AMT.

Products Eligible for Tax Credits through 2010

Several products are eligible for tax credits at 30% of the cost (some include installation), up to a total credit of \$1,500. These must be “placed in service” from January 1, 2009 through December 31, 2010.

The \$1,500 maximum limit is for all of the efficiency measures combined over the two-year 2009-2010 period; you can purchase up to \$5,000 worth of products over the two years and get 30% or \$1,500 as a tax credit. If you get the full \$1,500 tax credit in 2009, you are not eligible for a tax credit on these products in 2010.

The credits for products subject to the \$1,500 limit are only available for primary existing residences and only through 2010. You can receive both the tax credits for products capped at \$1,500 and the tax credits for products with no upper limit.

Products Eligible for Tax Credits through 2016

Tax credits for some products are available at 30% of the cost (including labor costs, with no upper limit) through 2016. They must be placed in service by December 31, 2016.

The flexibility of this tax credit allows you to plan in advance to buy highly efficient, clean energy sources for both primary and secondary homes. New and existing construction both qualify.

Fuel Cell Tax Credits

Residential fuel cell systems are eligible for tax credits at 30% of cost, up to \$500 per .5 of power capacity. They must be placed in service by December 31, 2016.

Both new and existing home construction both qualify, but only for a primary residence.

Vehicle Tax Credits

Tax credits are also available for some vehicles. The requirements for this tax credit vary based on the type of vehicle and manufacturer limitations. For example, only the first 200,000 plug-in electric drive vehicles are eligible for the full tax credit.

Additional Incentives

In addition to the tax credits featured here, you may be eligible to combine these with other state, local, utility incentives, and rebates.

Visit the Database of State Incentives for Renewables and Efficiency at dsireusa.org to find out if you are eligible for additional incentives.

U.S. DEPARTMENT OF
ENERGY

Energy Efficiency &
Renewable Energy

EERE Information Center

1-877-EERE-INF (1-877-337-3463)

www.eere.energy.gov

www.energysavers.gov/taxcredits

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