



Federal Tax Credits for Energy Efficiency

Effective 2009-2010

UPDATED March 3, 2009

Federal Tax Credits for Energy Efficiency includes:

• Tax Credits for Consumers



• Tax credits are available at **30% of the cost, up to \$1,500, in 2009 & 2010 (for existing homes only) for:**

Windows and Doors

**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, and are in effect through 2016)
- must have a Manufacturer Certification Statement³ to qualify
- for record keeping, save your receipts and the Manufacturer Certification Statement³
- 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 geothermal heat pumps, 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.

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 maximum credit has been **raised from \$500 to \$1500** for the two years (2009–2010).
- The \$200 cap on windows has been removed.

SUMMARY OF 2009 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	<p>Not all ENERGY STAR™ labeled windows and skylights qualify for tax credit.</p> <ul style="list-style-type: none"> • Installation costs are not included • For tax purposes, save your receipt and either the ENERGY STAR label from all your new windows OR the Manufacturer's Certification Statement. • Use IRS Form 5695 (available late 2009 or 2010)
	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	<p>Manufacturer Certification Statement³ 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.</p> <ul style="list-style-type: none"> • Installation costs are not included. • Manufacturer's Certification Statement³ required. • For tax purposes, save your receipt and the Manufacturer's Certification Statement. • Use IRS Form 5695 (available late 2009 or 2010)
	Exterior Doors	U factor \leq 0.30 SHGC \leq 0.30	30% of cost, up to \$1,500 ²	<p>Not all ENERGY STAR doors will qualify.</p> <ul style="list-style-type: none"> • Installation costs are not included. • Manufacturer's Certification Statement³ required. • For tax purposes, save your receipt and the Manufacturer's Certification Statement. • Use IRS Form 5695 (available late 2009 or 2010)
	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	<p>Eligibility will be confirmed by manufacturer and documented in the Manufacturer Certification Statement³</p> <ul style="list-style-type: none"> • Installation costs are not included. • Manufacturer's Certification Statement³ required. • For tax purposes, save your receipt and the Manufacturer's Certification Statement. • Use IRS Form 5695

*Must be "placed into service" between Jan. 1, 2009–Dec. 31, 2010.

(1) Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code. (2) Subject to a \$1,500 maximum per homeowner for all improvements combined. (3) A 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. (4) Additional information on exterior window features may be viewed at Anatomy of an Energy Efficient Window. (5) Biomass 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.