

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. Several products—from appliances to solar electric properties—are currently eligible for a federal tax credit, making it more affordable to save money by saving energy. While some products bought in 2011 are eligible for credit on your 2011 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 websites or printed material. The table on the right provides overview information for most products.

The credits are nonrefundable—in other words, the credits are only available to the extent you have a tax liability.



Photo from iStock/000010608433

Products Eligible for Tax Credits Through 2011

| Product | Credit | When and Where |
|---|---|--|
| <ul style="list-style-type: none"> Biomass stoves Central air conditioners, electric heat pumps, and advanced main air circulating fans Water heaters (non solar): Electric heat pump, natural gas, propane, and oil | \$300 | <ul style="list-style-type: none"> 2011 only Existing primary homes only |
| <ul style="list-style-type: none"> Furnaces and boilers | \$150 | |
| <ul style="list-style-type: none"> Advanced main air circulating fans | \$50 | |
| <ul style="list-style-type: none"> Insulation material or systems specifically and primarily designed to reduce heat loss or gain Roofing: Metal and asphalt | 10% of cost, up to \$500 | |
| <ul style="list-style-type: none"> Exterior windows, doors, and skylights | 10% of the cost, up to \$500, but windows are capped at \$200 | |

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 0.5 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

| Product | Credit | When and Where |
|---|---|--|
| <ul style="list-style-type: none"> Plug-in electric and small neighborhood electric vehicles | Up to \$7,500, based on capacity of the battery system. | <ul style="list-style-type: none"> Varies: credits phased-out after certain number of vehicles are sold. Visit fuelconomy.gov for eligibility |

How to Claim Your Tax Credit

- Use IRS Tax Form 5695 to claim improvements made on your home
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- Use 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)
- Save your receipts and the manufacturer certification.



Photo by Pete Beverly, NREL/PIX 14164

Products Eligible for Tax Credits through 2016

Tax credits for some products – such as geothermal heat pumps, solar energy systems, and wind energy systems – 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 0.5 kW 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.

Products Eligible for Tax Credits through 2010

Several products were eligible for tax credits at 30% of the cost (some include installation), up to a total credit of \$1,500. To qualify for the credit, these must have been “placed in service” between January 1, 2009 and December 31, 2010. Visit IRS.gov if you still need to file your 2009 or 2010 taxes, or if you need to amend your file to include the credit.

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.

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.

Learn More



www.energysavers.gov/taxcredits

U.S. DEPARTMENT OF
ENERGY

Energy Efficiency &
Renewable Energy

EERE Information Center

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

www.eere.energy.gov

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