



Federal Tax Credits for Energy Efficiency Frequently Asked Questions:

[How has the new Stimulus bill affected the tax credits for energy efficient home improvements?](#)

[What tax credits are available in 2008 for energy efficiency home improvements?](#)

[Are installation costs covered by the tax credit?](#)

[All Tax Credit FAQs](#)

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Quick link to this page: energystar.gov/taxcredits

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](#)
 - [Insulation](#)
 - [Roofs \(Metal and Asphalt\)](#)
 - [HVAC](#)
 - [Water Heaters \(non-solar\)](#)
 - [Biomass Stoves](#)
 - ✓ Tax credits are available at 30% of the cost, with no upper limit through 2016 (for existing homes & new construction) for:
 - [Geothermal Heat Pumps](#)
 - [Solar Panels](#)
 - [Solar Water Heaters](#)
 - [Small Wind Energy Systems](#)
 - [Fuel Cells](#)
- ❖ [Cars](#)
- ❖ [Tax Credits for Home Builders](#)
- ❖ [Tax Deductions for Commercial Buildings](#)
- ❖ [For More Information](#)

**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 taxpayer's principal residence, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, and small wind energy systems (where second homes and rentals qualify)
- ❖ \$1,500 is the maximum total amount that can be claimed for all products placed in service in 2009 & 2010 for most home improvements, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, fuel cells, and small wind energy systems which are not subject to this cap, and are in effect through 2016
- ❖ must have a [Manufacturer Certification Statement](#)³ to qualify
- ❖ for record keeping, save your receipts and the [Manufacturer Certification Statement](#)³
- ❖ 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 energy 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
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: insulated siding does not qualify). Must be expected to last 5 years OR have a 2 year warranty Check to see if you have Home Performance with ENERGY STAR in your areas . Adding insulation to your home is covered.
Windows & Doors	Exterior Windows and Skylights	<p>*Important Change:</p> <p>Before June 1, 2009: Must meet ENERGY STAR criteria</p> <p>After June 1, 2009: U factor <= 0.30 SHGC <= 0.30</p>	30% of cost, up to \$1,500 ²	Not all ENERGY STAR labeled windows and skylights qualify for tax credit. More information

	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	View our FAQ on storm doors and storm windows.
	Exterior Doors	<p>*Important Change:</p> <p>Before June 1, 2009: Must meet ENERGY STAR criteria</p> <p>After June 1, 2009: U factor <= 0.30 SHGC <= 0.30</p>	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	All ENERGY STAR qualified metal and reflective asphalt shingles	30% of cost, up to \$1,500 ²	
HVAC	Central A/C	<p><i>Split Systems:</i> EER >=13 SEER >= 16</p> <p><i>Package systems:</i> EER >= 12 SEER >= 14</p>	30% of cost, up to \$1,500 ²	Note — not all ENERGY STAR products will qualify for the tax credit.
	Air Source Heat Pumps	<p><i>Split Systems:</i> HSPF >= 8.5 EER >= 12.5 SEER >= 15</p> <p><i>Package systems:</i> HSPF >= 8 EER >= 12 SEER >= 14</p>	30% of cost, up to \$1,500 ²	
	Natural Gas or Propane Furnace	AFUE >= 95	30% of cost, up to \$1,500 ²	Not all ENERGY STAR products will qualify for the tax credit.
	Oil Furnace	AFUE >= 90	30% of cost, up to \$1,500 ²	
	Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	30% of cost, up to \$1,500 ²	
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use. Read this FAQ if the fan qualifies, but the	30% of cost, up to \$1,500 ²	

		furnace does not.		
Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor ≥ 0.82 or a thermal efficiency of at least 90%.	30% of cost, up to \$1,500 ²	All ENERGY STAR gas tankless water heaters will qualify. There are currently no ENERGY STAR qualified gas storage tank or gas condensing water heaters that qualify.
	Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor ≥ 2.0	30% of cost, up to \$1,500 ²	All ENERGY STAR electric heat pump water heaters qualify for the tax credit.
Biomass Stove	Biomass Stove	Stove which burns biomass fuel ⁵ to heat a home or heat water. Thermal efficiency rating of at least 75% as measured using a lower heating value.	30% of cost, up to \$1,500 ²	
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER ≥ 14.1 COP ≥ 3.3 Open Loop: EER ≥ 16.2 COP ≥ 3.6 Direct Expansion: EER ≥ 15 COP ≥ 3.5	30% of the cost	All ENERGY STAR geo-thermal heat pumps qualify for the tax credit. Use IRS Form 5695 Must be “ placed into service ” before December 31, 2016.
Solar Energy Systems	Solar Water Heating	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. The credit is not available for expenses for swimming pools or hot tubs.	30% of cost	All ENERGY STAR solar water heaters qualify for the tax credit. Use IRS Form 5695 Must be placed in service before December 31, 2016.

		<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>		
	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</p> <p>Must be placed in service before December 31, 2016.</p>
Small Wind Energy Systems	Residential Small Wind Turbines	Has nameplate capacity of not more than 100 kilowatts.	30% of cost	<p>Use IRS Form 5695</p> <p>Must be placed in service before December 31, 2016.</p>
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 \$500 per .5 kW of power capacity	<p>Use IRS Form 5695</p> <p>Must be placed in service before December 31, 2016.</p>