Form **5695**

Department of the Treasury
Internal Revenue Service

Residential Energy Credits

► **See instructions.**
► **Attach to Form 1040 or Form 1040NR.**

OMB No. 1545-0074

2009

Attachment Sequence No. **158**

Name(s) shown on return | **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.)

1	Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions) ►	1	☐ Yes	☐ No
	Caution: *If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part 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	

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 qualifiy 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 x 10 (kilowatt capacity x 2)). The amount of cost allocable to Taxpayer A is $10,002 ($16,670 x $12,000/$20,000). The amount of cost allocable to Taxpayer B is $6,668 ($16,670 x $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.