



IRS Tax Tip 2015-38: Cut Taxes and Save on Energy Bills with Home Energy Credits

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IRS Tax Tips

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Cut Taxes and Save on Energy Bills with Home Energy Credits

You can reduce your taxes and save on your energy bills with certain home improvements. Here are some key facts that you should know about home energy tax credits:

Non-Business Energy Property Credit

- Part of this credit is worth 10 percent of the cost of certain qualified energy-saving items you added to your main home last year. This may include items such as insulation, windows, doors and roofs.
- The other part of the credit is not a percentage of the cost. This part of the credit is for the actual cost of certain property. This may include items such as water heaters and heating and air conditioning systems. The credit amount for each type of property has a different dollar limit.
- This credit has a maximum lifetime limit of \$500. You may only use \$200 of this limit for windows.
- Your main home must be located in the U.S. to qualify for the credit.
- Be sure you have the written certification from the manufacturer that their product qualifies for this tax credit. They usually post it on their website or include it with the product's packaging. You can

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rely on it to claim the credit, but do not attach it to your return. Keep it with your tax records.

- This credit had expired at the end of 2013. The Tax Increase Prevention Act extended it to apply for one year, through Dec. 31, 2014. You may still claim the credit on your 2014 tax return if you didn't reach the lifetime limit in prior years.

Residential Energy Efficient Property Credit

- This tax credit is 30 percent of the cost of alternative energy equipment installed on or in your home.
- Qualified equipment includes solar hot water heaters, solar electric equipment, wind turbines and fuel cell property.
- There is no dollar limit on the credit for most types of property. If your credit is more than the tax you owe, you can carry forward the unused portion of this credit to next year's tax return.
- The home must be in the U.S. It does not have to be your main home, unless the alternative energy equipment is qualified fuel cell property.
- This credit is available through 2016.

Use [Form 5695](#), Residential Energy Credits, to claim these credits. For more on this topic refer to the form's instructions. You can get IRS forms on IRS.gov/forms anytime.

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