Form **5695**

Department of the Treasury
Internal Revenue Service

Residential Energy Credit

▶ **Attach to Form 1040.** ▶ **See Instructions on back.**

▶ **For Paperwork Reduction Act Notice, see Instructions on back.**

OMB No. 1545-0214

1984

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Name(s) as shown on Form 1040

Your social security number

Enter the address of your principal residence on which the credit is claimed if it is different from the address shown on Form 1040.

If you have an energy credit carryover from a previous tax year and no energy savings costs this year, skip to Part III, line 24.

Part I Fill in your energy conservation costs (but do not include repair or maintenance costs).

1 **Was your principal residence substantially completed before April 20, 1977? (See instructions)** ▶ ☐ Yes ☐ No

Note: *You MUST answer this question. Failure to do so will delay the processing of your return. If you checked the "No" box, you CANNOT claim an energy credit under Part I and you should not fill in lines 2a through 12 of this form.*

2	a	Insulation	2a	
	b	Storm (or thermal) windows or doors	2b	
	c	Caulking or weatherstripping	2c	
	d	A replacement burner for your existing furnace that reduces fuel use	2d	
	e	A device for modifying flue openings to make a heating system more efficient	2e	
	f	An electrical or mechanical furnace ignition system that replaces a gas pilot light	2f	
	g	A thermostat with an automatic setback	2g	

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—Use this form to figure your residential energy credit if you had qualified energy saving items installed in your principal residence. The instructions below list conditions you must meet to take the credit. If you have an energy credit carryover from the previous tax year and no energy saving costs this year, skip to Part III of the form. Attach Form 5695 to your tax return. For more information, please get **Publication 903,** Energy Credits for Individuals.

Two energy credits make up the residential energy credit, each with its own conditions and limits. These credits are based on: (1) Costs for home energy conservation; and (2) Costs for renewable energy source property.

The credit is based on the cost of items installed in your principal residence after April 19, 1977, and before January 1, 1986.

What is Your Principal Residence?—To qualify as your principal residence, your residence must be the home in the United States where you live (you may own it or rent it from another person).

A summer or vacation home does not qualify.

Special Rules.—If you live in a condominium, cooperative apartment, occupy a dwelling unit jointly, or share the cost of energy property, see Publication 903 for more details.

What are Energy Saving Items?—You can take the credit for energy conservation and renewable energy source items.

Energy conservation items are limited to:

- insulation (fiberglass, cellulose, etc.) for ceilings, walls, floors, roofs, water heaters, etc.;
- storm (or thermal) windows or doors for the outside of your residence;
- caulking or weatherstripping for windows or doors for the outside of your residence;
- a replacement burner for your existing furnace that reduces fuel use. The burner must replace an existing burner. It does not qualify if it is acquired as a component of, or for use in, a new furnace or boiler;
- a device for modifying flue openings to make a heating system more efficient;
- an electrical or mechanical furnace ignition system that replaces a gas pilot light;
- a thermostat with an automatic setback;
- a meter that shows the cost of energy used.

To take the credit for an energy conservation item, you must:

- install the item in your principal residence which was substantially completed before April 20, 1977;
- be the first one to use the item; and
- expect it to last at least 3 years.

For energy conservation **items**, you may not claim more than $300 ($2,000 × 15%) **accumulated** credit for each principal residence. Therefore, if in 1984 you claim the maximum $300 credit, you may not claim more in future years on the same residence. If, however, you buy a new principal residence that was substantially completed before April 20, 1977, you may claim the maximum $300 credit on the new residence.

Renewable energy source items include solar, wind, and geothermal energy items that heat or cool your principal residence or provide hot water or electricity for it.

Examples of solar energy items that may qualify include:

- collectors;
- rockbeds;
- heat exchangers; and
- solar panels installed on roofs (including those installed as a roof or part of a roof).

An example of an item that uses wind energy is a windmill that produces energy in any form (usually electricity) for your residence.

Geothermal energy property expenditures must be made in connection with a "geothermal deposit." A geothermal deposit is one having a temperature exceeding 50 degrees Celsius (122 degrees Fahrenheit) as measured at the wellhead or in the case of a natural hot spring (where no well is drilled), at the intake to the distribution system . Generally , the qualifying geothermal resources that are economically recoverable are located in States west of the Rocky Mountains (except for geothermal springs located in Arkansas).

To take the credit for a renewable energy source item, you must:

- be the first one to use the item; and
- expect it to last at least 5 years.

For renewable energy source **items**, you may not claim more than $4,000 ($10,000 × 40%) **accumulated** credit for each principal residence. Therefore, if in 1984 you claim the maximum $4,000 credit, you may not claim more in future years on the same residence. If, however, you buy a new principal residence, you may claim the maximum $4,000 credit on your new residence.

What Items are NOT Eligible for the Energy Credit?—Do not take credit for:

- carpeting;
- drapes;
- wood paneling;
- wood or peat-burning stoves;
- hydrogen fueled residential equipment;
- siding for the outside of your residence;
- heat pumps (both air and water);
- fluorescent replacement lighting systems;
- replacement boilers and furnaces; and
- swimming pools used to store energy.

Federal, State, or Local Government Nontaxable Grants and Subsidized Financing.—Qualified expenditures financed with nontaxable Federal, State, or local government grants cannot be used to figure the energy credit. Also, if Federal, State, or local government programs provide subsidized financing for any part of qualified expenditures, that part may not be used to figure the energy credit. You must reduce the expenditure limits on energy conservation and renewable energy source property for a dwelling by the part of expenditures financed by Federal, State, or local government subsidized energy financing, as well as by the amount of nontaxable Federal, State, or local government grants used to purchase conservation or renewable energy source property.

Figuring the Credit for More Than One Principal Residence.—You can take the maximum credit for each principal residence you live in. If you use all of your credit for one residence and then move, you may take the maximum credit amount on your next residence.

To figure your 1984 energy credit for more than one principal residence:

(1) Fill out Part I or II on a separate Form 5695 for each principal residence;

(2) Enter the total of all parts on line 23 of one of the forms;

(3) In the space above line 23, write "More than one principal residence;" and

(4) Attach all forms to your return.

Caution: *You should keep a copy of each Form 5695 that you file for your records. For example, if you sell your principal residence, you will need to know the amount of the credit claimed in prior tax years. If the items for which you took the credit increased the basis of your principal residence, you must reduce the basis by the credit you took.*

If the Credit is More Than Your Tax.—If your energy credit for this year is more than your tax minus certain other credits, you may carry over the excess energy credit to the following tax year or until the maximum accumulated credit is used.

Specific Instructions

Part I, Line 1.— For energy conservation items to qualify, your principal residence must have been substantially completed before April 20, 1977. A dwelling unit is considered substantially completed when it can be used as a personal residence even though minor items remain unfinished.

Lines 2a through 2h.—Enter your energy conservation costs (including expenditures made with nontaxable government grants and subsidized financing) only for this tax year. Count the cost of the item and its installation in or on your principal residence. Do not include the cost of repairs or maintenance for energy conservation items.

Line 4.—Enter the amount of nontaxable government grants and subsidized financing used to purchase the energy items on lines 2a through 2h. If you do not know the amount, check with the government agency that gave you the grant or subsidized financing.

Line 7.—Enter your total energy conservation costs from 1978, 1979, 1980, 1981, 1982, and 1983 for this principal residence. If your total costs from these years exceeds $2,000, you may not claim any additional credit on this residence. If you had energy conservation costs in the previous tax year but could not take a credit because it was less than $10, enter zero.

Line 9.—Enter the part of nontaxable government grants and subsidized financing received under Federal, State, or local programs to purchase energy items in 1981 through 1984. You must use the amounts received under these programs to reduce the maximum amount of cost used to figure the credit. If you do not know the amount of the nontaxable grant, check with the government agency which gave you the grant or subsidized financing.

Part II, Lines 13a through 13d.—Enter your renewable energy source costs (including expenditures made with nontaxable government grants and subsidized financing) only for this tax year. Do not include the cost of repairs or maintenance for renewable energy source items.

Line 14.—See Part I, line 4 for an explanation.

Line 17.—Enter your total renewable energy source costs from 1978, 1979, 1980, 1981, 1982, and 1983 for this principal residence. If your total costs from these years exceed $10,000, you may not claim any additional credit on this residence. If you had renewable energy source costs in the previous tax year but could not take a credit because it was less than $10, enter zero.

Line 19.—See Part I, line 9 for an explanation.

Part III, Line 24.—Generally, your energy credit carryover will be computed on your prior year Form 5695, Part IV. Exception—If the alternative minimum tax applied, see **Publication 909,** Alternative Minimum Tax.

Part IV.—Complete this part only if line 29 is less than line 25. You can carry over the amount entered on line 32 to your next tax year.