**Part I**  Fill in your energy conservation costs (but do not include repair or maintenance costs).
If you have an energy credit carryover from a previous tax year and no energy savings costs this year, skip to Part III, line 16.

A. Answer the following question: Was your principal residence substantially completed before April 20, 1977?  
   [ ] Yes  [ ] No
   1. Insulation
   2. Storm (or thermal) windows or doors
   3. Caulking or weatherstripping
   4. A furnace replacement burner that reduces the amount of fuel used
   5. A device for modifying flue openings to make a heating system more efficient
   6. An electrical or mechanical furnace ignition system that replaces a gas pilot light
   7. A thermostat with an automatic setback
   8. A meter that shows the cost of energy used

2. Total (add lines 1 through 1h).
3. Maximum amount
4. Enter the total energy conservation costs for this residence from your 1978 and 1979 Form 5695, line 2.
5. Subtract line 4 from line 3 (if line 4 is more than line 3, do not complete any more of this part. You cannot claim any more energy conservation credit for this residence.)
6. Enter the amount on line 2 or line 5, whichever is less.
7. Enter 15% of line 6 here and include in amount on line 15 below.

**Part II**  Fill in your renewable energy source costs (but do not include repair or maintenance costs).
If you have an energy credit carryover from a previous tax year and no energy savings costs this year, skip to Part III, line 16.

8. Renewable Energy Source Items:
   a. Solar
   b. Geothermal
   c. Wind
9. Total (add lines 8a through 8c).
10. Maximum amount
11. Enter the total renewable energy source costs for this residence from your 1978 Form 5695, line 5 and 1979 Form 5695, line 9.
12. Subtract line 11 from line 10 (if line 11 is more than line 10, do not complete any more of this part. You cannot claim any more renewable energy source cost credit for this residence.)
13. Enter amount on line 9 or line 12, whichever is less.
14. Enter 40% of line 13 here and include in amount on line 15 below.

**Part III**  Fill in this part to figure the limitation

15. Add line 7 and line 14. If less than $10, enter zero.
16. Enter your energy credit carryover from a previous tax year.
17. Add lines 15 and 16.
18. Enter the amount of tax shown on Form 1040, line 37.
19. Add lines 38 through 44 from Form 1040 and enter the total.
20. Subtract line 19 from line 18. If zero or less, enter zero.
21. Residential energy credit. Enter the amount on line 17 or line 20, whichever is less. Also, enter this amount on Form 1040, line 45.
General Instructions

Two energy credits make up the residential energy credit, each of 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. The cost of the items includes the cost of installing them.

Qualified expenditures financed with non-taxable Federal, State, or other grants cannot be used to figure the energy credit.

Purpose.—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, fill in only Part III of the form. Attach Form 5695 to your tax return. For more information, please get Publication 903, Energy Credits for Individuals.

What is your principal residence?—To qualify as your principal residence, your residence must meet all of the conditions below:

- It must be the home where you and your family live (you may own it or rent it from another person).
- It must be in the United States.

A summer or vacation home does not qualify.

If you live in a condominium or cooperative housing corporation dwelling unit, it may qualify. Please get Publication 903 for more details.

If you and another person own and use different principal residences and share the cost of qualified energy conservation property or renewable energy source property intended for joint use, each of you may claim the energy credit as a separate taxpayer. Divide the amount of qualified expense among each person on the basis of their share of the contribution to the total cost. This type of expenditure is effective if made after April 1, 1980.

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.

Note: You may claim the maximum credit on each principal residence you live in during the tax year. See the instructions for figuring the credit for more than one principal residence.

What are energy saving items?—You can take the credit for two kinds of energy saving items: energy conservation items 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 furnace replacement burner that reduces the amount of fuels used.
- 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 them 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.

The credit for energy conservation items cannot be more than $300.

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

Examples of solar energy items 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.

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.

The credit for renewable energy source items cannot be more than $4,000.

What items are NOT eligible for the energy credit?—You cannot take the credit for items such as the following:
- 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 system;
- replacement boilers and furnaces, and
- swimming pools used to store energy.

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.

For example, if you sold your principal residence in May of 1980 and bought another in June, you would be entitled to take up to $300 credit on each residence for energy conservation items.

To figure your allowable 1980 energy credit for more than one principal residence, follow these instructions:

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 15 of one of the forms.
3. In the space above line 15, write "More than one principal residence.
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. You must reduce the basis of your principal residence by the amount of energy credit taken against your tax, if the items for which the credit is taken are a proper increase to the basis.

What to do with an energy credit when it’s more than your tax.—If your credit for this year is more than your tax minus certain other credits, you can carry over the excess energy credit to the following tax year.

Carryover for tax year in which the alternative minimum tax applies.—If the alternative minimum tax applies, you may not receive the full tax benefit for the energy credit claimed during the tax year. If so, your annual energy credit benefit you lose is eligible for carryover. See Publication 525, Taxable and Nontaxable Income, for more details.

Specific Instructions

Part I, lines 1a through 1h (insulation, storm (or thermal) windows or doors, caulking or weatherstripping, etc.). Energy conservation costs 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.

Part I, line 4.—Enter your total energy conservation costs from 1978 and 1979 for this principal 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.

Part I, lines 8a through 8c (solar, geothermal, and wind).—Enter your renewable energy source costs only for this tax year. Count the cost of the item and the cost of labor for its assembly, preparation, and installation in connection with your principal residence. Do not include the cost of repairs or maintenance for renewable energy source items.

Part I, line 11.—Enter your total renewable energy source costs from 1978 and 1979 for this principal 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.

Part II, line 11.—The amount of your energy credit is limited to your tax less other credits. If you have an amount on line 15 which is more than line 20, you can carry over the excess energy credit to the next tax year.

Part III, line 16.—If your tax for the previous tax year was less than the amount of energy credit, you have a credit carryover to this tax year. Enter the carryover amount on this line.