

Residential Energy Credit

▶ Attach to Form 1040. ▶ See instructions on back.
 For Paperwork Reduction Act Notice, see instructions on back.

Name(s) as shown on Form 1040

Your social security number

Enter in the space below 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? 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 2 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		
h A meter that shows the cost of energy used	2h		
3 Total (add lines 2a through 2h)	3		
4 Enter the part of expenditures made from nontaxable government grants and subsidized financing	4		
5 Subtract line 4 from line 3	5		
6 Maximum amount of cost on which credit can be figured	6	\$2,000	00
7 Enter the total energy conservation costs for this residence. Add line 2 of your 1978, 1979, and 1980 Forms 5695 and line 3 of your 1981 Form 5695	7		
8 Subtract line 7 from line 6	8		
9 Enter the total nontaxable grants and subsidized financing used to purchase qualified energy items for this residence. Add the amount on line 4 of this form and the amount on line 4 of your 1981 Form 5695	9		
10 Subtract line 9 from line 8. If zero or less, do not complete the rest of this part	10		
11 Enter the amount on line 5 or line 10, whichever is less	11		
12 Enter 15% of line 11 here and include in amount on line 23 below	12		

Part II Fill in your renewable energy source costs (but do not include repair or maintenance costs).

13 a Solar	13 b Geothermal	13 c Wind	Total ▶	13d		
14 Enter the part of expenditures made from nontaxable government grants and subsidized financing				14		
15 Subtract line 14 from line 13				15		
16 Maximum amount of cost on which the credit can be figured				16	\$10,000	00
17 Enter the total renewable energy source costs for this residence. Add line 5 of your 1978 Form 5695, line 9 of your 1979 and 1980 Forms 5695, and line 13d of your 1981 Form 5695				17		
18 Subtract line 17 from line 16				18		
19 Enter the total nontaxable grants and subsidized financing used to purchase qualified energy items for this residence. Add the amount on line 14 of this form and the amount on line 14 of your 1981 Form 5695				19		
20 Subtract line 19 from line 18. If zero or less, do not complete the rest of this part				20		
21 Enter the amount on line 15 or line 20, whichever is less				21		
22 Enter 40% of line 21 here and include in amount on line 23 below				22		

Part III Fill in this part to figure the limitation.

23 Add lines 12 and 22. If less than \$10, enter zero	23		
24 Enter your energy credit carryover from a previous tax year. Caution—Do not make an entry on this line if your 1981 Form 1040, line 47, showed an amount of more than zero	24		
25 Add lines 23 and 24	25		
26 Enter the amount of tax shown on Form 1040, line 40	26		
27 Add lines 41 through 46 from Form 1040 and enter the total	27		
28 Subtract line 27 from line 26. If zero or less, enter zero	28		
29 Residential energy credit. Enter the amount on line 25 or line 28, whichever is less. Also, enter this amount on Form 1040, line 47. Complete Part IV below if this line is less than line 25	29		

Part IV Fill in this part to figure your carryover to 1983 (Complete only if line 29 is less than line 25).

30 Enter amount from Part III, line 25	30		
31 Enter amount from Part III, line 29	31		
32 Credit carryover to 1983 (subtract line 31 from line 30)	32		

General Instructions

Paperwork Reduction Act Notice.—The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. 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 required to give us this information.

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.

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 carry-over 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.**

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.

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.

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.

The maximum credit for energy conservation items cannot be more than \$300 (\$2,000 × 15%) for each principal 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.

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 maximum credit for renewable energy source items cannot be more than \$4,000 (\$10,000 × 40%) for each principal 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 cannot 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 1982 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."

- (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 can carry over the excess energy credit to the following tax year.

Specific Instructions

Part I, 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.

Part I, line 4.—Enter the amount of nontaxable government grants and subsidized financing used to purchase the energy items. If you do not know the amount, check with the government agency that gave you the grant or subsidized financing.

Part I, line 7.—Enter your total energy conservation costs from 1978, 1979, 1980, and 1981 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, line 9.—Enter the part of nontaxable government grants and subsidized financing received under Federal, State, or local programs to purchase energy items. 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.

Part II, line 14.—See Part I, line 4 for explanation.

Part II, line 17.—Enter your total renewable energy source costs from 1978, 1979, 1980, and 1981 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 19.—See Part I, line 9 for 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, Minimum Tax and 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. Exception—If the alternative minimum tax applies, see **Publication 909.**