



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

August 26, 2010

Number: **2010-0219**  
Release Date: 9/24/2010

CC:PSI:B06  
CONEX-132378-10

UIL: 25C.00-00

The Honorable Tim Holden  
Member, U.S. House of Representatives  
758 Cumberland Street  
Lebanon, PA 17042

Attention:

Dear Congressman Holden:

I am responding to your inquiry dated August 6, 2010, on behalf of your constituent, . He asked about the residential energy property credit available for eligible building envelope components, including exterior windows. (See enclosed section 25C of the Internal Revenue Code (the Code).) asked that we issue an interpretation of section 25C that would allow the credit for qualifying property purchased by December 31, 2010, if the property is installed in early 2011. Because the Congress expressly stated in section 25C(g) that taxpayers may not claim the credit for property placed in service, (i.e., installed) after December 31, 2010, we have no authority to interpret the statute otherwise. The Congress would have to change the law to extend the credit to property installed after December 31, 2010.

The law provides a tax credit for amounts paid for qualifying building envelope components, including exterior windows and skylights. The credit may not exceed \$1,500 for the total expenditures for qualifying property for taxable years beginning in 2009 and 2010. The credit is available for improvements to an existing home or an addition or renovation to an existing home.

The credit is 30 percent of the expenditures for qualifying property that a taxpayer pays or incurs during a taxable year. For this credit, the law uses a rule from section 25D(e)(8) of the Code to determine when a taxpayer pays or incurs an expenditure. Under this rule, a taxpayer treats an expenditure as made when the original installation of an item is completed or, if the expenditure is for a renovation, when the taxpayer begins the original use of the renovated property.

The law also provides that the credit is not available for any property placed in service after December 31, 2010 (section 25C(g) of the Code). "Placed in service" is an often-used phrase in tax law that means the property is in a condition or state of readiness and availability for a specifically assigned function. Windows and skylights are not ready and available for use until installed in the taxpayer's principal residence. Thus, a taxpayer must install windows and skylights by December 31, 2010, to qualify for the tax credit.

I hope this information is helpful. If  
contact or me at

or you have further questions, please

Sincerely,

Charles B. Ramsey  
Chief, Branch 6  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure