



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

OFFICE OF THE CHIEF COUNSEL

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The Honorable Mike Turner
Member, U.S. House of Representatives
120 West Third Street, Suite 305
Dayton, OH 45402

Attention:

Dear Congressman Turner:

I am responding to your inquiry dated October 27, 2010, on behalf of your constituent, . asked about his eligibility for a tax credit for the purchase of windows for his cooperative apartment. I based the information below on the assumption, from the information submitted, that is a tenant-stockholder in a cooperative housing corporation, as defined in the law (Section 216 of the Internal Revenue Code), and that he purchased and installed energy efficient windows in the dwelling unit in the cooperative housing building that he uses as his principal residence.

The tax law provides a credit for individual homeowners making energy-related purchases for their homes. (Section 25C of the Internal Revenue Code) A taxpayer can take a credit in the amount of 30 percent of the qualified expenditures for certain energy-efficiency improvements such as windows. The law caps the credit at \$1,500 for the combined 2009 and 2010 tax years. Taxpayers must place the eligible property in service by the end of 2010 to qualify.

In addition to purchasing property that meets the required efficiency standards, a taxpayer must install the energy-efficiency improvements in or on a dwelling unit that a taxpayer owns and uses as a principal residence within the meaning of section 121. For purposes of section 25C, a tenant-stockholder in a cooperative housing corporation, applies the ownership requirement to the holding of stock in the cooperative housing corporation and applies the use requirements to the dwelling unit that a taxpayer is entitled to occupy through the stock ownership. Thus, is entitled to this credit based on the expenditures he made for the windows he installed on his unit in the cooperative housing building that he uses as a principal residence.

Generally, a cooperative housing corporation, not its tenant-stockholder, pays for installation of energy efficient improvements in a cooperative housing building. The law provides that a tenant-stockholder can take the credit on the tenant-stockholder's proportionate share of the expenditures that the cooperative housing corporation makes. In this case, however, _____, not the cooperative housing corporation, made the expenditures for the energy efficient windows _____ installed in his unit. Therefore, he can take into account his own expenses for purposes of calculating the credit.

The definition of a "cooperative housing corporation" is somewhat lengthy and complicated. I have attached the first four pages of Publication 530, Tax Information for Homeowners, which lists the conditions the cooperative housing corporation must meet for a tenant-stockholder to be eligible to deduct a share of the corporation's real estate taxes. The cooperative housing corporation must meet the same conditions for a tenant-stockholder to be eligible for the tax credit for the purchase of energy-efficient windows. Unlike the deduction for real estate taxes, to qualify for this credit, the tenant-stockholder must use the dwelling unit as his or her principal residence.

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

_____ or you have any questions, please for further assistance.

Sincerely,

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

Enclosure