

## Seven Facts about the Nonbusiness Energy Property Credit

Thinking about making some energy saving improvements to your home this summer? Taking some energy saving steps now may lead to bigger tax savings next year. The Nonbusiness Energy Property Credit, a tax credit for making energy efficient improvements to homes was increased as part of the American Recovery and Reinvestment Act of 2009.

Here are seven things the IRS wants you to know about the Nonbusiness Energy Property Credit:

1. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 claimed for 2009 and 2010 combined.
2. The credit applies to improvements such as adding insulation, energy-efficient exterior windows and energy-efficient heating and air conditioning systems.
3. To qualify as “energy efficient” for purposes of this tax credit, products generally must meet higher standards than the standards for the credit that was available in 2007.
4. Manufacturers must certify that their products meet new standards and they must provide a written statement to the taxpayer such as with the packaging of the product or in a printable format on the manufacturers’ Website.
5. Qualifying improvements must be placed into service after December 31, 2008, and before January 1, 2011.
6. The improvements must be made to the taxpayer’s principal residence located in the United States.
7. To claim the credit, attach [Form 5695](#), Residential Energy Credits to either the 2009 or 2010 tax return. Taxpayers must claim the credit on the tax return for the year that the improvements are made.

Homeowners who have been considering some energy efficient home improvements may find these tax credits will get them bigger tax savings next year.

For more information on this and other key tax provisions of the Recovery Act, visit [IRS.gov/recovery](http://IRS.gov/recovery).

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