

Sy Accountancy Corporation

Member, American Institute of CPAs

704 Mira Monte Place, Pasadena, California 91101

Tel (626) 744-0200 • Fax (626) 744-0300 • vsy@victorsycpa.com • www.victorsycpa.com

ENERGY CREDIT UPDATE FOR PRINCIPAL RESIDENCE

By Victor Sy, CPA

1. You can claim a **credit of 30%** of the cost of qualified **energy efficiency improvements** to your home.
2. The improvements must be **originally** placed in service by you on your **principal residence**.
3. You can claim up to **\$1,500 in credits** (meaning 100% savings - dollar for dollar benefit).
4. The improvements should be placed in service in 2009 and 2010 (**extended through 2011**).
5. Use **Form 5695 to claim the credit**. Reduce the basis of your property by the amount of the credit.
6. Qualified improvements include **exterior windows, exterior doors, skylights, and certain metal or asphalt roofs**.
7. Metal roof must have appropriate **pigmented coatings**; asphalt roofs must have appropriate **cooling granules** primarily designed to **reduce heat loss/gain** that meet the 2009 International Energy Conservation Code.
8. Qualified improvements also include **electric heat pump water heater**; central air conditioner; natural gas, propane or oil water heater; or a stove burning biomass fuel to heat or provide hot water to a taxpayer's residence in the U.S. that meets specific energy efficiency standards; qualified natural gas, propane, or oil furnace; or qualified natural gas, propane, or oil hot water boiler; or an advanced main air circulating fan.
9. You must get a **manufacturer's certification** that the property meets certain requirements required by **Code Sec. 25C**. The manufacturer should provide a certification statement with the packaging of the property or in printable form on the manufacturer's website. Your tax preparer will ask for this manufacturer's certification.
10. Items in green were improved by the recently signed American Recovery & Reinvestment Act that:
 - **Extended energy credits for one more year through Dec. 31, 2010 (extended through 2011)**.
 - **Raised the credit rate to 30%** (was 10%).
 - **Increased maximum amounts to an aggregate cap of \$1,500** (was \$500 lifetime cap and \$200 lifetime cap for windows).