



Instructions for Form 5695

Residential Energy Credit

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Future Developments

For the latest information about developments related to Form 5695 and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form5695.

What's New

Part I: Lines 3, 4, 7a, 7b, and 8. The residential energy efficient property credit for the following costs expired on December 31, 2016: qualified small wind energy property costs, qualified geothermal heat pump property costs, and qualified fuel cell property costs. The instructions for lines 3, 4, 7a, 7b, and 8 have been reserved. To find out if legislation extended the credit for these costs so you can claim them on your 2017 return, go to IRS.gov/Extenders.

Part II: Nonbusiness Energy Property Credit. The nonbusiness energy property credit expired on December 31, 2016. Part II has been reserved. To find out if legislation extended the credit so you can claim it on your 2017 return, go to IRS.gov/Extenders.

Purpose of Form

Use Form 5695 to figure and take the residential energy efficient property credit.

Also, use Form 5695 to take any residential energy efficient property credit carryforward from 2016 or to carry the unused portion of the credit to 2018.

Who Can Take the Credit

You may be able to take the credit if you made energy saving improvements to your home located in the United States in 2017.

Home. A home is where you lived in 2017 and can include a house, houseboat, mobile home, cooperative apartment, condominium, and a manufactured home that conforms to Federal Manufactured Home Construction and Safety Standards.

You must reduce the basis of your home by the amount of any credit allowed.

Main home. Your main home is generally the home where you live most of the time. A temporary absence due to special circumstances, such as illness, education, business, military service, or vacation, won't change your main home.

Costs. For purposes of the credit, costs are treated as being paid when the original installation of the item is completed, or, in the case of costs connected with the reconstruction of your home, when your original use of the reconstructed home begins. Costs connected with the construction of a home are treated as being paid when your original use of the constructed home begins. If less than 80% of the use of an item is for nonbusiness purposes, only that portion of the costs that is allocable to the nonbusiness use can be used to determine the credit.

Association or cooperative costs. If you are a member of a condominium management association for a condominium you own or a tenant-stockholder in a cooperative housing corporation, you are treated as having paid your proportionate share of any costs of such association or corporation.



If you received a subsidy from a public utility for the purchase or installation of an energy conservation product and that subsidy wasn't included in your gross income, you must reduce your cost for the product by the amount of that subsidy before you figure your credit. This rule also applies if a third party (such as a contractor) receives the subsidy on your behalf.

Residential Energy Efficient Property Credit (Part I)

If you made energy saving improvements to more than one home that you used as a residence during 2017, enter the total of those costs on the applicable line(s) of one Form 5695.

You may be able to take a credit of 30% of your costs of qualified solar electric property and solar water heating property. Include any labor costs properly allocable to the onsite preparation, assembly, or original installation of the residential energy efficient property and for piping or wiring to interconnect such property to the home.

Qualified solar electric property costs. Qualified solar electric property costs are costs for property that uses solar energy to generate electricity for use in your home located in the United States. No costs relating to a solar panel or other property installed as a roof (or portion thereof) will fail to qualify solely because the property constitutes a structural component of the structure on which it is installed. The home doesn't have to be your main home.

Qualified solar water heating property costs. Qualified solar water heating property costs are costs for property to heat water for use in your home located in the United States if at least half of the energy used by the solar water heating property for such purpose is derived from the sun. No costs relating to a solar panel or other property installed as a roof (or portion thereof) will fail to qualify solely because the property constitutes a structural component of the structure on which it is installed. To qualify for the credit, the property must be certified for performance by the nonprofit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the state in which the property is installed. The home doesn't have to be your main home.

Nonbusiness Energy Property Credit (Part II)

RESERVED FOR FUTURE USE



At the time these instructions went to print, the nonbusiness energy property credit (Part II of this form) had expired. You can't claim the nonbusiness energy property credit for property placed in service after 2016. Part II is now shown as "Reserved for Future Use" in case Congress extends the credit for 2017. To find out if legislation extended the



If you aren't claiming the child tax credit for 2017, you don't need Pub. 972.

Specific Instructions

Part I

Residential Energy Efficient Property Credit

Before you begin Part I.

Figure the amount of any of the following credits you are claiming.

- Credit for the elderly or the disabled.
- Nonbusiness energy property credit (Part II of this form).*
- Adoption credit.
- Mortgage interest credit.
- District of Columbia first-time homebuyer credit.
- Alternative motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified plug-in electric drive motor vehicle credit.

* If applicable.



Also, include on lines 1 and 2 any labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property to the home.

Line 1

Enter the amounts you paid for qualified solar electric property. See [Qualified solar electric property costs](#), earlier.

Line 2

Enter the amounts you paid for qualified solar water heating property. See [Qualified solar water heating property costs](#), earlier.

Lines 3, 4, 7a, 7b, and 8

Reserved for future use



At the time these instructions went to print, the residential energy efficient property credit for qualified small wind energy property costs, qualified geothermal heat pump property costs, and qualified fuel cell property costs had expired. You can't claim a residential energy efficient property credit for these costs if the property was placed in service after 2016. Lines 3, 4, 7a, 7b, and 8 are now shown as "Reserved for future use" in case Congress extends the credit for these costs for 2017. To find out if legislation extended the credit for these costs so you can claim them on your 2017 return, go to [IRS.gov/Extenders](https://www.irs.gov/Extenders).

Line 14

Complete the following [worksheet](#) to figure the amount to enter on line 14. If you are claiming the child tax credit for 2017, the amount you enter on line 4 of the worksheet depends on whether you are filing Form 2555 or Form 2555-EZ.

- If you are filing Form 2555 or Form 2555-EZ, enter the amount, if any, from line 13 of the Child Tax Credit Worksheet in Pub. 972.
- Otherwise, enter the amount from line 12 of the Line 11 Worksheet in Pub. 972.

Residential Energy Efficient Property Credit Limit Worksheet—Line 14

| | | | |
|-----|---|-----|-------|
| 1. | Enter the amount from Form 1040, line 47; or Form 1040NR, line 45 | 1. | _____ |
| 2. | Enter the total, if any, of your credits from Form 1040, lines 48 through 51, and Schedule R, line 22; or Form 1040NR, lines 46 through 48 | 2. | _____ |
| 3. | Enter the amount, if any, from Form 5695, line 30 * | 3. | _____ |
| 4. | If you are filing Form 2555 or Form 2555-EZ, enter the amount, if any, from line 13 of the Child Tax Credit Worksheet in Pub. 972. Otherwise, enter the amount, if any, from line 12 of the Line 11 Worksheet in Pub. 972 | 4. | _____ |
| 5. | Enter the amount, if any, from Form 8396, line 9 | 5. | _____ |
| 6. | Enter the amount, if any, from Form 8839, line 16 | 6. | _____ |
| 7. | Enter the amount, if any, from Form 8859, line 3 | 7. | _____ |
| 8. | Enter the amount, if any, from Form 8910, line 15 | 8. | _____ |
| 9. | Enter the amount, if any, from Form 8936, line 23 | 9. | _____ |
| 10. | Add lines 2 through 9 | 10. | _____ |
| 11. | Subtract line 10 from line 1. Also enter this amount on Form 5695, line 14. If zero or less, enter -0- on Form 5695, lines 14 and 15 | 11. | _____ |

* If applicable.

Manufacturer's certification. For purposes of taking the credit, you can rely on the manufacturer's certification in writing that a product is qualifying property for the credit. Don't attach the certification to your return. Keep it for your records.

Line 16

If you can't use all of the credit because of the tax liability limit (that is, line 14 is less than line 13), you can carry the unused portion of the credit to 2018.

File this form even if you can't use any of your credit in 2017.

Part II

Nonbusiness Energy Property Credit RESERVED FOR FUTURE USE

See the [Caution](#) in the *General Instructions* under *Nonbusiness Energy Property Credit (Part II)*, earlier.