



4196 W Maple Avenue • Adrian Michigan 49221

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## Saving energy can save you money

If you made your home more energy efficient this year, you may be eligible for a non-refundable personal tax credit. Improvements such as insulation, energy exterior doors and windows, water heaters, furnaces and air conditioners could get you up to \$500, of which only \$200 may be used for windows. The home must be an existing home and your main residence. Use [Form 5695, Residential Energy Credits](#), to claim this tax credit.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the tax credits for improvements through 2011, *but at lower levels*. The credit for 2011 is 10 percent of the cost of the improvements — up to \$500. The credit is limited to a smaller amount for some improvements.

The credit also has a \$500 lifetime limit. This means that, if you received any tax credits for improvements from 2006 through 2010, those tax credits count towards your lifetime limit. For example:

If you received a credit of \$800 in 2009, then you are not eligible for anything more in 2011. However, if you got a \$400 tax credit in 2010, then you would be eligible for a tax credit of up to \$100 in 2011, if you made qualifying energy improvements in 2011.

Since these tax credits are non-refundable tax credits, you can't get more back in tax credits than you pay in federal income tax.

For information on energy-efficient products, visit the U.S. Department of Energy's [Energy Star Web site](#). Keep in mind that not all Energy Star products qualify for the tax incentive.

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*Below is a link to [www.irs.gov](http://www.irs.gov) for more information about tax incentives for individuals to invest in energy-efficient products.*

- IRS video on YouTube: [Recovery: Cut your energy costs and taxes](#)