

Instructions for Form 8908



Department of the Treasury
Internal Revenue Service

(Rev. February 2021)

(For use with the February 2020 revision of Form 8908, Energy Efficient Home 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 8908 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8908](https://www.irs.gov/Form8908).

What's New

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the energy efficient home credit to cover qualified new energy efficient homes sold or leased in 2021. Don't claim the credit for homes sold or leased after 2021 unless the credit is extended again.

Purpose of Form

Eligible contractors use Form 8908 to claim a credit for each qualified energy efficient home sold or leased to another person during the tax year for use as a residence. The credit (\$2,000 or \$1,000) is based on the energy saving requirements of the home. The credit is part of the general business credit.

Partnerships and S corporations must file this form to claim the credit. All other taxpayers aren't required to complete or file this form if their only source for this credit is a partnership or an S corporation. Instead, they can report this credit directly on line 1p in Part III of Form 3800, General Business Credit.

See section 45L for more information.

What Revision To Use

Use the February 2020 revision of Form 8908 for tax years beginning in 2019 or later, until a later revision is issued. Use this February 2021 revision of the instructions for tax years beginning in 2020 or later, until a later revision is issued. Use prior revisions of the form and instructions for earlier tax years. All revisions are available at [IRS.gov/Form8908](https://www.irs.gov/Form8908).

Who May Claim the Credit

Eligible contractors may claim the credit for new energy efficient homes that are acquired by sale or lease by an individual from that contractor during the tax year for use as a residence.

Definitions

Eligible Contractor

An eligible contractor is the person that constructed a qualified energy efficient home (or produced a qualified energy efficient home that is a manufactured home). A

person must own and have a basis in the qualified energy efficient home during its construction to qualify as an eligible contractor with respect to the home. For example, if the person that hires a third party contractor to construct the home owns and has the basis in the home during construction, the person that hires the third party contractor is the eligible contractor and the third party contractor isn't an eligible contractor.

Qualified New Energy Efficient Home

A qualified new energy efficient home is a dwelling unit located in the United States, whose construction is substantially completed after August 8, 2005, and sold or leased to another person after 2005 but before 2022, for use as a residence. The home must be certified and meet certain energy saving requirements. Construction includes substantial reconstruction and rehabilitation.

Energy Saving Requirements

The credit amount is based on the extent to which each new energy efficient home meets the energy saving requirements discussed below.

50% energy efficient standard. The credit is \$2,000 for a dwelling unit that is **certified** to have an annual level of heating and cooling energy consumption at least 50% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* and has building envelope component improvements that account for at least 1/5 of the 50% reduction in energy consumption. A manufactured home meeting the requirements described above and the Federal Manufactured Home Construction and Safety Standards (FMHCSS) requirements (see 24 C.F.R. part 3280) is also eligible for the \$2,000 credit.

Comparable dwelling unit. A comparable dwelling unit:

- Is constructed in accordance with the standards of chapter 4 of the 2006 International Energy Conservation Code as such Code (including supplements) was in effect on January 1, 2006;
- Has air conditioners with a Seasonal Energy Efficiency Ratio (SEER) of 13, measured in accordance with 10 C.F.R. 430.23(m); and
- Has heat pumps with a SEER of 13 and a Heating Seasonal Performance Factor (HSPF) of 7.7, measured in accordance with 10 C.F.R. 430.23(m).

30% energy efficient standard. The credit is \$1,000 for a manufactured home that doesn't meet the 50% energy saving requirement but is **certified** to have an annual level of heating and cooling energy consumption at least 30% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* (discussed above) and:

- Meets FMHCSS requirements, and

- Has building envelope component improvements that account for at least 1/3 of the 30% reduction in energy consumption, or
- Meets the current requirements established by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

Heating and cooling energy and cost savings must be calculated using the procedures described in Residential Energy Services Network (RESNET) Publication 001-16, or an equivalent calculation procedure. You can access RESNET publications at http://staging.resnet.us/professional/standards/tax_credits.

Certification

An eligible contractor must obtain a certification that the dwelling unit meets the requirements of section 45L(c) from an eligible certifier before claiming the section 45L credit. The certification will be treated as satisfying the requirements of section 45L(c) if all the construction has been performed in a manner consistent with the design specifications provided to the eligible certifier and the certification contains all of the information required by section 3 of Notice 2008-35, available at IRS.gov/irb/2008-12_IRB#NOT-2008-35, or, for manufactured homes, section 3 or section 4 of Notice 2008-36, available at IRS.gov/irb/2008-12_IRB#NOT-2008-36.

Specific Instructions

Line 1

For each home that meets the 50% energy efficient standard, the allowable credit is \$2,000.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping	2 hr., 9 min.
Learning about the law or the form	12 min.
Preparing and sending the form to the IRS	14 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See section 45L(f).

Line 2

For each manufactured home that meets the 30% energy efficient standard, the allowable credit is \$1,000.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See section 45L(f).

Line 3

Enter total energy efficient home credits from:

- Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., box 15 (code P); and
- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code P).

Partnerships and S corporations report the above credits on line 3. All other filers figuring a separate credit on earlier lines also report the above credits on line 3. All others not using earlier lines to figure a separate credit can report the above credits directly on Form 3800, Part III, line 1p.