

IRA Tax Credits for Households

Thanks to the Inflation Reduction Act, 30% of the cost of the following items can be deducted from your federal tax bill, subject to the limitations listed below. These tax credits apply to purchases made in 2023 through 2032. (The items must be purchased NEW, not used.)

Product:	Further details	Federal Tax Credit:
CREDITS WITH NO CAP: (Also known as "Residential CLEAN ENERGY CREDITS")		
Clean Energy Products and Storage:		
<p>You may claim the residential clean energy credit for improvements to your main home, whether you own or rent it. Your main home is generally where you live most of the time. The CLEAN ENERGY CREDIT applies to NEW or EXISTING homes located in the United States. Qualified expenses may include labor costs for onsite preparation, assembly or original installation of the property and for piping or wiring to connect it to the home. Traditional building components that primarily serve a roofing or structural function generally don't qualify. For example, roof trusses and traditional shingles that support solar panels don't qualify, but solar roofing tiles and solar shingles do because they generate clean energy. ^{###}</p> <p>The CLEAN ENERGY CREDIT is nonrefundable, so the credit amount you receive can't exceed the amount you owe in tax. You can carry forward any excess unused credit, though, and apply it to reduce the tax you owe in future years. Do not include interest paid including loan origination fees. ^{###}</p>		
Solar panels (photovoltaic)	See notes above detailing labor costs et al.	30% of cost. NO CAP.
Fuel cells	Fuel cell property is limited to \$500 for each half kilowatt of capacity. If more than one person lives in the home, the combined credit for all residents can't exceed \$1,667 for each half kilowatt of fuel cell capacity. ^{###}	30% of cost. NO CAP. - but see note at left.
Wind Turbine	See notes at top of this section, detailing labor costs et al.	30% of cost. NO CAP.
Battery Storage	Battery storage technology must have a capacity of at least 3 kilowatt hours. ^{###}	30% of cost. NO CAP
Geothermal heat pumps	Geothermal heat pumps must meet Energy Star requirements in effect at the time of purchase. ^{###}	30% of cost. NO CAP
Solar (water heating)	Solar water heaters must be certified by the Solar Rating Certification Corporation or a comparable entity endorsed by your state. ^{###}	30% of cost. NO CAP
CREDITS WHICH ARE SUBJECT TO \$2,000 CAP PER YEAR:		
<p>(For the items below in GREEN, the combined credit cannot exceed \$2,000 per year. Further these credits are for an existing home that you improve or add onto, NOT a new home. These credit are nonrefundable, so you can't get back more on the credit than you owe in taxes. Unlike the Clean Energy Credits, you can't apply any excess credit to future tax years. [#])</p>		
Heat Pumps (electric or natural gas)	Heat pumps, heat pump water heaters and biomass stoves and boilers with a thermal efficiency rating of at least 75% qualify. [#] Cost may include labor for installation. [#] Tax Credit Eligible heat pumps can be found at: https://www.energystar.gov/productfinder/product/certified-central-heat-pumps/results ^{###} .	30% of cost, up to a combined maximum of \$2,000 per year.
Heat Pump Water Heaters (electric or natural gas)		
Biomass Stoves and Boilers		
CREDITS WHICH ARE SUBJECT TO A \$1,200 CAP PER YEAR		
<p>(*For the items below in BLUE, the combined credit cannot exceed \$1,200 per year. Further, these credits are for an existing home that you improve or add onto, NOT a new home. These credit are nonrefundable, so you can't get back more on the credit than you owe in taxes. Unlike the Clean Energy Credits, you can't apply any excess credit to future tax years. [#])</p>		
Miscellaneous Residential Energy Property:		
Efficient central air conditioners	Must meet the Consortium of Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect at the beginning of the year when the property is installed. [#] Cost may include labor for installation. [#]	30% of cost, up to \$600 per year.*
Efficient water heating equipment (Natural gas, propane or oil water heaters)	Must meet the Consortium of Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect at the beginning of the year when the property is installed. [#] Cost may include labor for installation. [#]	30% of cost, up to \$600 per year.*
Efficient heating equipment (Natural gas, propane, or oil furnaces and hot water boilers)	Must meet the Consortium of Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect at the beginning of the year when the property is installed. [#] Cost may include labor for installation. [#] Note: Oil furnaces and hot water boilers can also qualify through other efficiency criteria. [#]	30% of cost, up to \$600 per year.*
Related Electric Panel and Circuit Upgrades:		
Electric panel or circuit upgrades for new electric equipment	Costs of electrical components needed to support residential energy property , including panelboards, sub-panelboards, branch circuits, and feeders, also qualify for the credit if they meet the National Electric Code and have a capacity of 200 amps or more. [#]	30% of cost, up to \$600 per year.*
Building Envelope Components:		
Insulation and Air Sealing Materials	Must have an expected lifespan of at least 5 years and meet International Energy Conservation Code (IECC) standards in effect at the start of the year 2 years before installation. [#] Labor costs do NOT qualify. [#]	30% of cost.*
Windows, including Skylights	Must have an expected lifespan of at least 5 years and meet Energy Star Most Efficient certification requirements. [#] Labor costs do NOT qualify. [#]	30% of cost, up to \$600 per year.*
Exterior Doors	Must have an expected lifespan of at least 5 years and meet applicable Energy Star Requirements. [#] See: https://www.energystar.gov/ Labor costs do NOT qualify. [#]	30% of cost, up to \$250 each, with a maximum of \$500 for 2 doors.*
Home Energy Audits		
Home Energy Audits	The auditor must meet certification or other requirements to be published by the IRS. [#]	30% of cost, up to \$150.*
OTHER CREDITS: (limited to non-high income households)		
EV Tax Credits (available as rebates in 2024)	See our sheet on EV Incentives	Up to \$7,500 (new); Up to \$4,000 (used)
Home Electric Vehicle charger		30% of cost, up to \$1,000. IRS to publish details. Will be limited to residents in non-urban or low-income communities.

*For the items in BLUE, the combined credit cannot exceed \$1,200 per year

Per <https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>

^{###} Per: <https://www.irs.gov/credits-deductions/frequently-asked-questions-about-energy-efficient-home-improvements-and-residential-clean-energy-property-credits-energy-efficiency-requirements>

^{###} Per: <https://www.irs.gov/credits-deductions/residential-clean-energy-credit>

See also, the IRS Fact Sheet at <https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>

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