



# Home Energy Tax Credits

[IRS.gov/homeenergy](https://www.irs.gov/homeenergy)

If you make energy improvements to your home, tax credits are available for a portion of qualifying expenses. The credit amounts and types of qualifying expenses were expanded by the Inflation Reduction Act of 2022.

## Who Can Claim the Credits

You can claim the Energy Efficient Home Improvement Credit and the Residential Clean Energy Credit for the year when you purchase and install qualifying improvements.

Homeowners who improve their primary residence will find the most opportunities to claim a credit for qualifying expenses. Renters may also be able to claim credits, as well as owners of second homes used as residences.

The credits are never available for improvements made to homes that you don't use as a residence.

### Energy Efficient Home Improvement Credit

#### Qualifying Credit Amounts and Expenses

These expenses may qualify if they meet requirements detailed on [energy.gov](https://www.energy.gov):

- Exterior doors, windows, skylights and insulation materials
- Central air conditioners, water heaters, furnaces, boilers and heat pumps
- Biomass stoves and boilers
- Home energy audits

The amount of the credit you can take is a percentage of the total improvement expenses in the year of installation:

- 2022: 30%, up to a lifetime maximum of \$500
- 2023 through 2032: 30%, up to a maximum of \$1,200 (water heaters, heat pumps, biomass stoves, and boilers have a separate annual credit limit of \$2,000), no lifetime limit

Get details on the Energy Efficient Home Improvement Credit.

\*For 2022, biomass stoves and boilers are treated as a Residential Clean Energy Credit with no lifetime maximum.

#### How to Claim the Credit

File Form 5695, Residential Energy Credits Part II, with your tax return. You must claim the credit for the tax year when the improvement is installed (not purchased).

### Residential Clean Energy Credit

#### Qualifying Credit Amounts and Expenses

These expenses may qualify if they meet requirements detailed on [energy.gov](https://www.energy.gov):

- Solar, wind and geothermal power generation
- Solar water heaters
- Fuel cells
- Battery storage (beginning in 2023)

The amount of the credit you can take is a percentage of the total improvement expenses in the year of installation:

- 2022 to 2032: 30%, no annual maximum or lifetime limit
- 2033: 26%, no annual maximum or lifetime limit
- 2034: 22%, no annual maximum or lifetime limit

Get details on the Residential Clean Energy Credit.

#### How to Claim the Credit

File Form 5695, Residential Energy Credits Part I, with your tax return to claim the credit. You must claim the credit for the tax year when the improvement is installed (not purchased).

## Energy Efficient Home Improvement Credit

Taxpayers that make qualified energy-efficient improvements to their home after Jan. 1, 2023, may qualify for a tax credit up to \$3,200 for the tax year the improvements are made.

As part of the Inflation Reduction Act, beginning Jan. 1, 2023, the credit equals 30% of certain qualified expenses:

- Qualified energy efficiency improvements installed during the year which can include things like:
  - Exterior doors, windows and skylights.
  - Insulation and air sealing materials or systems.
- Residential energy property expenses such as:
  - Central air conditioners.
  - Natural gas, propane or oil water heaters.
  - Natural gas, propane or oil furnaces and hot water boilers.
- Heat pumps, water heaters, biomass stoves and boilers.
- Home energy audits of a main home.

The maximum credit that can be claimed each year is:

- **\$1,200** for energy property costs and certain energy efficient home improvements, with limits on doors (**\$250** per door and \$500 total), windows (**\$600**) and home energy audits (\$150).
- **\$2,000** per year for qualified heat pumps, biomass stoves or biomass boilers.

The credit is available only for qualifying expenditures to an existing home or for an addition or renovation of an existing home, and not for a newly constructed home. The credit is nonrefundable which means taxpayers cannot get back more from the credit than what is owed in taxes and any excess credit cannot be carried to future tax years.

### **SEER 2 16 or better**

*Beginning in 2025 you will need to include the product ID on the tax return*

## Residential Clean Energy Credit

Taxpayers who invest in energy improvements for their main home, including solar, wind, geothermal, fuel cells or battery storage, may qualify for an annual residential clean energy tax credit. Taxpayers may be able to claim a credit for certain improvements other than fuel

cell property expenditures made to a second home that they live in part-time and don't rent to others.

The Residential Clean Energy Credit equals 30% of the costs of new, qualified clean energy property for a home in the United States installed anytime from 2022 through 2033.

Qualified expenses include the costs of new, clean energy equipment including:

- Solar electric panels.
- Solar water heaters.
- Wind turbines.
- Geothermal heat pumps.
- Fuel cells.
- Battery storage technology (beginning in 2023).

Clean energy equipment must meet the following standards to qualify for the Residential Clean Energy Credit:

- Solar water heaters must be certified by the Solar Rating Certification Corporation or a comparable entity endorsed by the applicable state.
- Geothermal heat pumps must meet Energy Star requirements in effect at the time of purchase.
- Battery storage technology must have a capacity of at least 3 kilowatt hours.

The credit is available for qualifying expenditures incurred for installing new clean energy property in an existing home or for a newly constructed home. This credit has no annual or lifetime dollar limit except for fuel cell property. Taxpayers can claim this credit each tax year they install eligible property until the credit begins to phase out in 2033.

This is a nonrefundable credit, which means the credit amount received cannot exceed the amount owed in tax. Taxpayers can carry forward excess unused credit and apply it to any tax owed in future years.

Additional information is available at [IRS.gov](https://www.irs.gov) on [qualifying residences](#) and information for taxpayers who also use their home for a business.

When it is time to file a tax return, taxpayers can use [Form 5695, Residential Energy Credits](#), to claim the credit. This credit must be claimed for the tax year when the property is installed, not just purchased.