

## Tax Credits For Home Energy Upgrades



Home energy upgrades are a great way to save money and reduce your environmental footprint, but the initial cost can be expensive. Fortunately, there are a variety of federal tax incentives here to help. The Inflation Reduction Act passed in 2022 expanded and extended a series of tax credits for home energy improvements and clean energy upgrades.

### **Home energy-efficiency improvements**

Federal tax credits of up to 30% of the cost of [qualifying home improvements](#) are available for projects installed between January 1, 2023, and December 31, 2032. Each project is subject to individual maximum amounts, which are specified below. Only improvements made to existing homes that are the principal residence of the taxpayer can qualify for these credits. Generally, the maximum credit is \$1,200 per year for home weatherization.

#### **Home weatherization**

- Exterior doors (maximum \$250 per door, \$500 total). Eligible doors must be [ENERGY STAR®-certified](#).
- Windows and skylights (\$600 maximum). Windows and skylights must meet [ENERGY STAR's most efficient product requirements](#).
- Insulation and air sealing (\$1,200 maximum). Includes insulation, weatherstripping, caulk and expandable foam. Materials or systems must meet International Energy Conservation Code requirements.

#### **Appliances and equipment**

- Air source and geothermal heat pumps (\$2,000 maximum)
- Central air conditioning (\$600 maximum)
- Heat pump water heaters (\$2,000 maximum)

Qualifying systems must meet efficiency requirements established by the Consortium for Energy Efficiency (CEE). Search this [CEE Directory](#) of qualifying equipment.

## **Clean energy upgrades**

Tax credits for up to 30% of project costs are also available for [clean energy upgrades](#), including solar panels, solar water heaters, small wind turbines, fuel cells and geothermal systems. Battery storage technologies are also eligible. In some situations, solar roofing tiles and solar roofing shingles serve as solar electric collectors while also performing the function of traditional roofing and structural support may also qualify.

There is no overall dollar maximum to the clean energy credit. It is only limited to 30% of qualifying expenses for systems installed between 2022 through 2032.

State and local [financial incentives](#) may be available in your area for these and other energy-efficiency upgrades. By taking advantage of these incentives, you can reduce your energy bills and your environmental footprint without making too big a dent in your budget.