



The Inflation Reduction Act An Overview for EAP Members Updated January 16, 2023

The Inflation Reduction Act (IRA) offers a variety of incentives for the installation of energy efficient products for both consumers and builders/developers. Professionals working within the energy space should familiarize themselves with the various credits and rebates available. Below is a summary of tax credits and incentives provided for under the IRA.

Residential Incentives

Energy Efficiency Home Improvement Tax Credits: 2023 – 2032

These residential tax credits will be equal to up to 30% of the costs (or maximum dollar amount allocated by product category) for eligible home improvements made during the year. The *overall* annual credit limit is \$3,200, but consumers should closely review credit requirements by product type as there are nuances. Each product category that EAP members may work with is linked below. (There are appliance and building envelope incentives as well.)

- [Air Source Heat Pumps](#)
- [Central Air Conditioners](#)
- [Furnaces \(Natural Gas, Oil, Propane\)](#)
- [Boilers](#)
- [Heat Pump Water Heaters](#)
- [Water Heaters \(Natural Gas, Oil, Propane\)](#)
- [Geothermal Heat Pumps](#)
- [Small Wind Turbines](#)
- [Fuel Cells](#)
- [Solar Energy Systems](#) (Solar Water Heaters and Solar Panels/ Photovoltaic Systems)
- [Electric Panel Upgrade](#)

In addition, certified home energy auditors can offer a [Home Audit](#) home tax credit.

Consumer IRA Savings Calculator

You customers can estimate their savings using Rewiring America's Inflation Reduction Savings Calculator <https://www.rewiringamerica.org/app/ira-calculator>

Residential Clean Energy Credit (formerly the Residential Energy Efficient Property Credit)

This tax credit is now worth 30% (previously 26%) of the cost to install qualifying systems that use solar, wind, geothermal, biomass or fuel cell power to produce electricity, heat water or regulate temperatures in residences. This credit is available through 2032, and then will fall back to 26% for 2033 and 22% for 2034.

Clean Vehicle Credit

This credit is worth \$7,500 credit for new EVs and \$4,000 credit for used EV purchases.

High-Efficiency Electric Home Rebates (formerly Zero-Emissions Homes Act)

This point-of-sale rebate is available to low-and-moderate income families who purchase energy-efficient products whose family's total annual income is less than median income where they live. Low-income residents can receive 100% (up to \$14,000) of qualifying project costs (materials and installation) and moderate-income residents can get 50% off their purchase (up to \$14,000) on qualifying project costs (materials and installation). Learn more about these rebates [here](#).

2022 Tax Credits

The IRA also extended some credits for the 2022 tax year. More information can be found [here](#).

Interested consumers should consult their tax professional to ensure they meet all qualifications for credits. This legislative overview is not intended as any type of advice regarding tax credits, eligibility, or qualifying systems.

Builder/Developer and Commercial Incentives

(Commercial page currently reflects 2022 credits)

New Energy Efficient Home Credit

New and single-family homes, as well as homes that undergo a “deep retrofit” may qualify the developer up to a \$5,000 tax credit.

Commercial Buildings Energy Efficient Credit

This incentive offers businesses who achieve 25% – 50% reduction in energy use a tax credit worth \$2.50 - \$5.00 per square foot. (View ***The Electric Explainer*** linked below for more information.)

Resources:

IRS Fact Sheet – Clean Vehicles Credit

<https://www.irs.gov/pub/taxpros/fs-2022-42.pdf>

IRS Fact Sheet – Energy Efficient Home Improvements and Residential Clean Energy Property Credits

<https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>

Energy Star Equipment Tax Credits for Residences:

https://www.energystar.gov/about/federal_tax_credits/non_business_energy_property_tax_credits

EAP HVAC Rebates (2023 Program to be announced shortly):

www.eap.org/RebateProgram

PECO Rebates

<https://www.peco.com/WaysToSave/ForYourHome/Pages/RebatesDiscounts.aspx>

An Overview of the Climate and Electrification Provisions for Disadvantaged Communities in the IRA

<https://www.rewiringamerica.org/policy/IRA-disadvantaged>

Sources:

Save More on Green Home Improvements Under the Inflation Reduction Act

<https://www.kiplinger.com/taxes/605069/inflation-reduction-act-tax-credits-energy-efficient-home-improvements>

The Electric Explainer: Key programs in the Inflation Reduction Act and what they mean for Americans

<https://www.rewiringamerica.org/policy/inflation-reduction-act>

Energy Star Equipment Tax Credits for Residences:

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