

Energy Efficient Home Improvement Credit (25C)

The information below is applicable for calendar year 2024. For more information, please visit [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy).



DON'T KNOW WHERE TO START?

Consider a home energy audit. Taxpayers can save 30% (up to \$150) on a home energy audit done by a certified auditor. The written report can help you identify cost/energy saving home improvements.

Did you know you could save money on your utility bills and receive a tax credit for certain energy efficiency home improvements?

The maximum credit amount is **30%** of the cost of an energy efficient qualifying home improvements, up to certain annual limits for each type of improvement. Further details on the limits for specific improvements and categories of improvements can be found in the column to the right. The total annual credit that can be claimed is \$3,200.

Note: The credit can cover both the purchase and installation costs for heat pumps, energy efficient AC units, furnaces/ boilers, water heaters, biomass stoves/ boilers, and electric panel/circuit board upgrades. For building envelope components (insulation, doors, windows, skylights), only the purchase can be covered. Requesting an itemized invoice or receipt from your contractor/installer can be helpful.

Total Annual Credit Limits

\$2,000 (for heat pumps, heat pump water heaters, biomass stoves/boilers)

- \$2,000: heat pumps
- \$2,000: heat pump water heaters
- \$2,000: biomass stoves/boilers

\$1,200 (for all other home improvements)

- \$600: efficient AC units
- \$600: efficient furnaces/boilers
- \$600: efficient water heaters
- \$600: electric panel/circuit upgrades
- \$1,200: insulation/air sealing
- \$500: exterior doors (\$250 each)
- \$600: exterior windows/skylights
- \$150: home energy audits

\$3,200 (overall, with no lifetime limit)
Insulation, exterior doors, exterior windows, and skylights must be installed at taxpayer's

principal residence, which must be owned by taxpayer. Other home improvements may be installed at any residence used by the taxpayer, and the taxpayer may be a tenant. Landlords, who are not also residents of the dwelling, may not claim this credit.

Note: The Energy Efficient Home Improvement Credit cannot be applied to new construction.

EXAMPLE

Heat Pump Water Heater	\$2,250
Labor/Installation	\$750
Total Cost	\$3,000
Tax Credit (30% of cost)	\$900
Cost Less Credit	\$2,100



Find out more about Home Energy Tax Credits and the Inflation Reduction Act at [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy).

To claim the credit, taxpayers must file IRS Form 5695

Individual taxpayers can claim the credit regardless of income level, but a taxpayer must owe taxes in order to make a claim, and the amount claimed is limited to a taxpayer's tax liability. Any unused credit may not be carried over.

To qualify, improvements must meet the following standards

- Heat pumps, heat pump systems, water heaters, efficient AC units, and efficient furnaces/ boilers must meet Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier.
- Biomass stoves/boilers must have a thermal efficiency rating of at least 75% (measured by the higher heating value of the fuel).
- Exterior doors must meet the applicable ENERGY STAR standard and exterior windows and skylights must meet the ENERGY STAR Most Efficient standard. Learn more about qualifying products and potential rebates for your area at [EnergyStar.gov/windows](https://www.energystar.gov/windows).
- Insulation must meet International Energy Conservation Code standards.
- Panelboards must be installed according to National Electric Code and have a load capacity of at least 200 amps. Must enable installation and use of other building envelope components or energy property.