



IRA Tax Credits – Existing Homes

The Inflation Reduction Act provides two credits (25C and 25D) for efficiency and clean energy upgrades in existing homes. The Energy Efficient Home Improvement Credit (25C) was increased and extended from a \$500 lifetime credit to a \$3,200 yearly credit. The new Residential Clean Energy Credit (25D) offers a 30 percent, uncapped tax credit for residential energy efficient property and allows taxpayers to carry over unused tax credits. The tax credits for existing homes are non-refundable but can be combined with other funding on the national, state, and local level to reduce energy costs in homes and buildings.

Below is an overview of the two tax credits for existing homes.

	Energy Efficient Home Improvement Credit (25C)	Residential Clean Energy Credit (25D)
Incentive Amount	30% of purchase and installation costs up to: <ul style="list-style-type: none"> • \$1,200 for energy efficiency improvement • \$2,000 for efficient HVAC and water heating equipment 	2023-2032: 30% of purchase and installation costs 2033: 26% of purchase and installation costs 2034: 22% of purchase and installation <i>*Limited to \$1,667 for each 0.5kW of capacity</i>
Uses	<ul style="list-style-type: none"> • Energy audits • Energy efficiency improvements (building envelope and weatherization) • Efficient HVAC and water heating equipment 	<ul style="list-style-type: none"> • Solar panels and solar hot water heaters • Fuel cell technology • Small wind turbines • Geothermal heat pumps • Battery storage <i>*All projects must be greater than 3kWH</i>
Application to Renters	Only efficient HVAC and water heating equipment credits can apply to renters	Renters can claim all credits
Timeframe	January 1, 2023 to December 31, 2032 <i>*Credit limit resets every year</i>	January 1, 2023 to December 31, 2032 <i>*Unused credits can be carried forward</i>

For additional information, see [IRS Fact Sheet](#) for these credits.