



IRA Tax Credits – New Homes

The Inflation Reduction Act provides two credits (45L and 25D) for efficiency and clean energy upgrades in newly constructed homes. Tax credit 45L, New Energy Efficient Home Credit, subsidizes energy efficient homes and targets developers. Tax credit 25D, Residential Clean Energy Credit, allows homeowners to deduct part of the cost of installing renewable and efficient technologies.

Residential Clean Energy Credit (25D)

Who: Homeowners

Dates: January 1, 2023 to January 1, 2033

The **Residential Clean Energy Credit (25D)** offers a 30 percent, uncapped non-refundable tax credit for residential energy efficient property upgrades for new and existing homes. Owners are allowed to carry over additional, unused tax credits. These tax credits can be combined with other funding on the national, state, and local level to reduce energy costs in homes and buildings. For additional information, see [IRS Fact Sheet](#) for these credits.

Residential Clean Energy Credit (25D)	
Incentive Amount	2023-2032: 30% of purchase and installation costs 2033: 26% of purchase and installation costs 2034: 22% of purchase and installation *Limited to \$1,667 for each 0.5kW of capacity
Uses	Solar panels and solar hot water heaters Fuel cell technology Small wind turbines Geothermal heat pumps Battery storage *All projects must be greater than 3kWH

Energy Efficiency Home Credit (45L)

Who: Developers/builders/contractors

Dates: January 1, 2023 to January 1, 2033

The **New Energy Efficient Home Credit (45L)** provides taxpayers with a tax credit for eligible new or substantially reconstructed homes that meet applicable ENERGY STAR home program or DOE Zero Energy Ready Home (ZERH) program. The tax credits can apply to new single and multifamily homes, manufactured homes, and existing homes undergoing deep retrofits. Contractors can receive a higher credit if they meet [the prevailing wage and apprenticeship requirements](#).

Energy Performance Criteria	Multifamily	Single Family
EPA's Energy Star New Construction without prevailing wage	\$500/unit	\$2,500/unit
DOE's Zero Energy Ready Homes without prevailing wage	\$1000/unit	\$5,000/unit
EPA's Energy Star New Construction with prevailing wage	\$2,500/unit	\$2,500/unit
DOE's Zero Energy Ready Homes with prevailing wage	\$5,000/unit	\$5,000/unit