

Inflation Reduction Act: Benefits for Homeowners

Signed on August 16, 2022, the Inflation Reduction Act (IRA) provides funding to reduce pollution, improve clean transit, make clean energy more affordable and accessible, and strengthen resilience to climate change. While the IRA does not lower costs for homeowners and homebuyers in general, it does provide benefits to homeowners and homebuyers in the form of tax credits and rebates for energy-efficient home systems.



Nonbusiness Energy Property Credit

Homeowners can take tax credits for any “qualified energy efficiency improvements” and “residential energy property expenditures” they make. The total credit available will be equal to 30% of the total costs, up to a maximum of \$1,200 per year.

Alternative Fuel Refueling Property Credit

Homeowners can take a tax credit equal to 30% of the cost of installing bidirectional electric vehicle recharging equipment, which can either charge an electric vehicle or discharge excess battery power into the electrical grid.

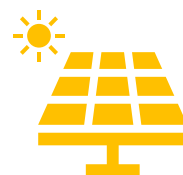


New Energy-Efficient Home Credit

Homebuyers can take a tax credit for purchasing new homes with certified energy efficiency ratings. Tax credits range from \$2,500 for an Energy Star single-family home to \$5,000 for a Zero Energy Ready Home.

Residential Clean Energy Credit

This credit covers 30% of the cost to install home power systems based on solar, wind, fuel cell, or geothermal energy through 2032. The credit amount will drop to 26% in tax year 2033 and to 23% in 2034.



High-Efficiency Electric Home Rebate Program

This rebate program will put money into people’s hands to buy energy-efficient appliances and make energy-efficient upgrades rather than reducing their tax bills. Rebates that will eventually be available under this program include the following maximum amounts:

- Heat pump for space heating or cooling: \$8,000
- Heat pump water heater: \$1,750
- Electric load service center upgrade: \$4,000
- Insulation, air sealing, and ventilation: \$1,600
- Electric wiring: \$2,500

The total rebate received by a household may not exceed \$14,000.

For more information on tax credits and rebates available through the IRA, visit the Internal Revenue Service’s website:

<https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>

