



INFLATION REDUCTION ACT

The Inflation Reduction Act (IRA), signed in August, includes nearly \$370B dedicated to climate and energy programs. In 2023, as incentives become available, there is opportunity to showcase our products as viable energy efficient solutions.

These big incentives are likely to pique a homeowner's curiosity in considering more energy efficient solutions for their home. The IRA Home Energy Efficiency Upgrades includes a substantial expansion of the already popular **Energy Efficiency Home Improvement Tax Credit (25C)**, also known as the *Non-business Energy Property Tax Credit*, as well as an extension and expansion to the **New Energy Efficient Home Tax Credit (45L)**. In addition to tax credit expansions, substantial funding for **Energy Efficiency Rebate Programs** was included in the bill to encourage more energy efficient homes.

TAX CREDITS

ENERGY EFFICIENCY HOME IMPROVEMENT TAX CREDIT (25C)

Provides a 30% credit rate with an annual cap of \$1,200 and up to \$2,000 for qualified heat pumps. This credit will be an annual tax credit opportunity for homeowners, whereas it was previously a one-time credit.

NEW ENERGY EFFICIENT HOME TAX CREDIT (45L)

Targets developers and building contractors, offers up to \$2,500 for Energy Star certified new construction, and up to \$5,000 for DOE Zero Energy Ready new construction.



2023 FUTURE TAX CREDIT OPPORTUNITIES

1. 25C

ENERGY EFFICIENT HOME IMPROVEMENT TAX CREDIT

The expanded version of 25C, now called the *Energy Efficient Home Improvement Tax Credit*, provides a 30% credit rate with an annual cap of \$1,200 for HVAC products that meet the highest non-advanced Consortium for Energy Efficiency (CEE) tier; up to \$600 for qualified air conditioner and furnaces, and up to \$2,000 for qualified heat pumps. Unlike the past version of the program, the expanded 25C tax credit has generous annual limits (not lifetime), meaning that the same customer could benefit from the credit with energy efficient upgrades year after year. This expansion will extend the program out to 2032.

2. 45L

NEW ENERGY EFFICIENT HOME TAX CREDIT

The increased 45L tax credit, called the *New Energy Efficient Home Tax Credit*, provides developers and building contractors of new construction single family and manufactured homes up to \$2,500 tax credit for Energy Star® certified new construction. The expansion also provides an even higher 45L tax credit of \$5,000 for single family and manufactured homes as outlined by new Department of Energy (DOE) Zero Energy Ready Home requirements. Prevailing wage requirements must be satisfied for multifamily construction for contractors to receive the highest rebate opportunities. This expansion will extend the program out to 2033.

2023 CEE TIERS

The CEE announced the new tiers for Residential Electric HVAC going into effect January 1st, 2023. These guidelines will determine which equipment qualifies for the 25C homeowner tax credit. Visit the CEE released content directly here:

- > [CEE Residential Electric HVAC Specification - January 1, 2023](#)
- > [CEE Residential Natural Gas Specification \(Hydronic\) - 2021 - \(unchanged\)](#)

2023 TAX CREDITS

	TIME-FRAME	INTENT	WHO QUALIFIES	INCENTIVE DETAILS	TECHNICAL REQUIREMENTS	ELIGIBILITY
<p>1.</p> <p>Energy Efficient Home Improvement Tax Credit (25C)</p>	<p>1/1/23 – 12/31/32</p> <p><i>Equipment placed in service.</i></p>	<p>Revision and expansion of the 25C tax credit for energy efficient equipment</p>	<p>Homeowners</p>	<p>30% credit rate with annual cap of \$1,200, with exceptions that favor heat pumps, which have a \$2,000 annual credit limit.</p>	<p>CEE highest efficiency tier (not including any advanced tier) equipment; may include electric or natural gas Heat Pump, central Air Conditioner, natural gas, propane, or oil furnace.</p>	<p>Products must be produced by qualified manufacturers</p>
<p>2.</p> <p>New Energy Efficient Home Tax Credit (45L)</p>	<p>1/1/23 – 1/1/33</p> <p><i>Homes acquired.</i></p>	<p>To encourage energy-efficient and net-zero ready new construction</p>	<p>Developer and Building Contractors</p>	<p>For Single Family or Manufactured Homes: \$2,500 for Energy Star®</p> <p>\$5,000 for Zero-energy Ready</p> <p>For Multifamily: \$500 for Energy Star® and \$1,000 for Zero-energy Ready (per dwelling unit)</p>		

Breakdown of programs based on Inflation Reduction Act guidance.

IRA FOR COLLATERAL

AHRI Certified Reference Number	Tonnage	Outdoor Unit	Indoor Unit	Furnace Unit	Region	EER2	SEER2	HSPF2
209832961	2.0 ton	J4HP5024E1000AA	J4AH5E36E1B00AA+TXV		South	12.00	15.20	7.80
210343298	2.0 ton	J4HP5024E1000AA	J4AH4E36A1B00AA+TXV		South	12.00	15.20	7.80
210343301	2.0 ton	J4HP5024E1000AA	JMM5A0B30M21SAA		South	12.00	15.20	7.80
209832965	2.5 ton	J4HP5030E1000AA	J4AH5E36E1B00AA+TXV	J801V080CM4SEA	South	12.00	15.20	7.80
210343305	2.5 ton	J4HP5030E1000AA	J4AH4E36A1B00AA+TXV	J801V080CM4SEA	South	12.00	15.20	7.80
209832968	3.0 ton	J4HP5036E1000AA	J4AH5E36E1B00AA+TXV		South	12.00	15.20	7.80
210343311	3.0 ton	J4HP5036E1000AA	J4AH4E36A1B00AA+TXV		South	12.00	15.20	7.80
209832971	3.5 ton	J4HP5042E1000AA	J4AH5E60E1C00AA+TXV		South	12.00	15.20	7.80
210372374	3.5 ton	J4HP5042E1000AA	J4AH6E60B1C00AA+TXV		South	12.00	15.20	7.80
209832973	4.0 ton	J4HP5048E1000AA	J4AH5E60E1C00AA+TXV		South	12.00	15.20	7.80
210372375	4.0 ton	J4HP5048E1000AA	J4AH6E60B1C00AA+TXV		South	12.00	15.20	7.80

25C OXBOX PRODUCTS ONLY ELIGIBLE IN THE SOUTHERN STATES (HIGHLIGHTED IN GOLD BELOW)

