



# Federal Tax Credits for Energy Efficient Home Improvement Projects

## Heat Pumps and Heat Pump Water Heaters

The Inflation Reduction Act provides federal income tax credits that are specially targeted to home owners that make energy efficient home improvements involving heat pump technology - 30% of project costs, up to \$2,000 annually. Lower the cost of home improvements with ENERGY STAR certified products that are designed to save money on utility bills each month.

### Tax Credits for Energy Efficiency Improvements

- **Total Annual Limit:** The \$2,000 heat pump credit can be combined with credits up to \$1,200 for other qualified upgrades made in one tax year.
- **Effective Date:** Products purchased and installed between January 1, 2023, and December 31, 2032.
- **Tax Credit:** An amount taxpayers can claim on their federal tax return to reduce income tax owed.
- **Who Qualifies:** Must be an existing home & principal residence (owned or rented). Does not apply for new construction and rental properties.
- **What to Keep:** Customers should keep their receipts and any relevant materials, such as product labels, that identify the purchased product.



Get zip-code based information on utility and state rebates, to reduce project costs even further.

### Upgrading to Heat Pump Technology

	Homeowner Can Claim	Maximum Credit Amount	What products are eligible?
<b>Air Source Heat Pumps</b>	30% of project costs	Up to \$2,000 per year on total heat pump upgrades	<b>Ducted</b> US Southern Tier: All that have earned the ENERGY STAR label US Northern Tier: ENERGY STAR Cold Climate that have an EER2 > 10  <b>Ductless (Mini-splits)</b> US Southern Tier: ENERGY STAR certified with SEER2 > 16, EER2 > 12, HSPF2 > 9 US Northern Tier: ENERGY STAR certified cold climate with SEER2 > 16, SEER2 > 9, HSPF2 > 9.5 <b>Verify Product Eligibility at <a href="http://www.energystar.gov/about/federal-tax-credits/air-source-heat-pumps">www.energystar.gov/about/federal-tax-credits/air-source-heat-pumps</a></b>
<b>Heat Pump Water Heaters</b>			Heat pump water heaters that have earned the ENERGY STAR are eligible for this credit. <b>Verify Product Eligibility at <a href="http://www.energystar.gov/about/federal-tax-credits/heat-pump-water-heaters">www.energystar.gov/about/federal-tax-credits/heat-pump-water-heaters</a></b>
<b>Electric Panel Upgrade</b>		Up to \$600 per year	Any improvement to, or replacement of, a panelboard, sub-panelboard, branch circuits, or feeders which (1) is installed in a manner consistent with the National Electric Code, (2) has a load capacity of not less than 200 amps, and (3) is installed in conjunction with, and enables the installation and use of a heat pump or heat pump water heater.

Heat pump HVAC and heat pump water heaters are key elements of an **ENERGY STAR Home Upgrade** – a set of six home improvements designed to work together to save energy, save you money and help protect the climate. Learn more at [energystar.gov/homeupgrade](http://energystar.gov/homeupgrade).