



# Federal Tax Credits for Energy Efficient Home Improvement Projects

## Insulation and Air Sealing Products

The Inflation Reduction Act provides federal income tax credits that are specially targeted to home owners that make energy efficient home improvements involving insulation and air sealing materials or systems - 30% of product costs, up to \$1,200 annually. Lower the cost of home improvement projects that are designed to save money on utility bills each month.

### Tax Credits for Energy Efficiency Improvements

- **Total Annual Limit:** The \$1,200 tax credit for insulation and/or air sealing materials or systems can be combined with credits up to \$2,000 for other qualified upgrades made in one tax year. The taxpayer may not include the labor costs (product costs only).
- **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 Insulation and Air Sealing in a Home

	Homeowner Can Claim	Maximum Credit Amount	What products are eligible?
Insulation materials or systems	30% of product costs (no labor costs)	Up to \$1,200 per year on materials (no labor costs)	Insulation materials or systems and air sealing materials or systems must meet the criteria established by the International Energy Conservation Code (IECC) standard in effect at the start of the year that is two years prior to the year the materials or systems are placed in service.
Air sealing materials or systems			For example, materials or systems placed in service in 2025 must meet the criteria established by the IECC standard in effect on January 1, 2023, to qualify for the Energy Efficient Home Improvement Credit in 2025.

Insulation and air sealing 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](https://energystar.gov/homeupgrade).

Reference: IRS Fact Sheet FS-2022-40: <https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>