



Federal Tax Credits Have Been Extended!



As part of the Inflation Reduction Act (IRA) of 2022, federal tax credits for energy efficient home upgrades have been extended. This means that if you made any qualifying home improvements to your primary residence after December 31, 2021, you may be eligible to claim credit on your federal taxes when you file for 2022.

ENERGY STAR certifies a wide range of products for your home that help you save energy, save money, and protect the climate. The list of ENERGY STAR certified products that qualify for a federal tax credit range from equipment and products for your home, as well as improvements to your home's envelope or exterior - such as windows, doors, insulation, and similar items. To learn more about the tax credits that have been extended, you can read through the [property tax credit guidance](#) featured on the ENERGY STAR website. Additionally, [Renewable Energy tax credits](#) have also been extended and will be available through the end of 2023. These include incentives for Geothermal Heat Pumps, Residential Wind Turbines, Solar Energy Systems, and Fuel Cells.

How to Apply the Federal Tax Credits for Energy Efficient Upgrades

In order to apply any qualifying tax credits on your 2022 tax return, you'll want to download and complete the 2022 version of this worksheet provided by the IRS: [IRS Form 5695: Residential Energy Credits](#). If you have questions during this process, contact your tax preparer or the [Internal Revenue Service \(IRS\)](#) for more information.

What's New for Federal Tax Credits in 2023?

There will be new efficiency tax credits in place starting January 1, 2023, lasting 10 years - through 2032. While the tax credit amount is mostly limited to 30% of the project cost, the previous lifetime cap of \$500 has been changed to an annual cap of either \$1,200 to \$2,000 depending on the efficiency improvements you make. This means you will be able to claim credit for more projects, especially if they are spread out over multiple years.

These Energy Efficiency Home Improvement credits will be applicable to products such as:

- Heat Pump Water Heaters
- Heat Pumps
- Biomass Stove/Boilers
- Insulation
- Windows/Skylights
- Exterior Doors
- Central Air Conditioners
- Natural Gas, Oil, Propane Water Heaters
- Natural Gas, Oil, Propane Furnaces/Boilers
- Electric Panel Upgrades
- Home Energy Audits

For more information and to stay up to date on available tax credits, make sure to bookmark ENERGY STAR's page on [Federal Tax Credits](#) so you can maximize savings on your home energy efficiency projects.

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