



INDIVIDUAL HOME ENERGY TAX CREDITS FOR 2023

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[Taxpayers who make home energy improvements in 2023](#) may be able to take advantage of tax credits for a portion of the qualifying expenses. The credit amounts were increased, and types of qualifying expenses were expanded, by the Inflation Reduction Act of 2022.

Who can claim energy credits. There are two energy-related credits available to taxpayers making qualifying improvements to their home: the [Energy Efficient Home Improvement Credit](#) or the [Residential Energy Clean Property Credit](#). A taxpayer may claim these credits in the year the taxpayer makes a qualifying improvement to their primary home. Usually, a [taxpayer's primary home](#) is where the taxpayer spends most of their time. In addition, to qualify for an EEHIC, the improved home must be an existing home located in the United States.

Note. Generally, a taxpayer may claim these credits only for qualified improvements to their primary residence; however, a taxpayer may be able to claim energy-related credits for certain improvements to a second home if the taxpayer doesn't use the second home as a rental property. In addition, renters who purchase energy efficient appliances and other products for their rental home may be able to claim these tax credits.

What improvements qualify for the EEHIC. Taxpayers can claim an [Energy Efficient Home Improvement Credit](#) for many home improvements that meet certain energy efficiency requirements. This includes:

- Exterior doors,
- Windows, skylights,
- Insulation materials,
- Central air conditioners,
- Heat pumps and heat pump water heaters,
- Biomass stoves and boilers, and
- Home energy audits

Generally, the maximum credit a taxpayer may claim each year is:

- \$1,200 for energy property costs and certain energy efficient home improvements, with limits on doors (\$250 per door and \$500 total), windows (\$600) and home energy audits (\$150)
- \$2,000 per year for qualified heat pumps, biomass stoves or biomass boilers.

Note. The actual amount of the taxpayer's credit is a percentage of the total cost of the improvements in the year of installation. In certain circumstances, the credit may be capped.



The EEHIC has no lifetime dollar limit. A taxpayer can claim the maximum annual credit every year they make eligible improvements until 2033.

Note. The EEHIC is not refundable and can't be carried over to another tax year. So, it might make sense to take a large project, like replacing windows, and do some of it over several years.

Taxpayers can find more information about the energy efficiency requirements and a whole list of qualified improvements on [energy.gov](https://www.energy.gov).

What expenses qualify for the Residential Clean Energy Credit. Taxpayers who invest in renewable energy for their primary home may be able to claim the [Residential Clean Energy Credit](#). Qualified RCE credit improvements include:

- Solar, wind and geothermal power generation,
- Solar water heaters,
- Fuel cells, and
- Battery storage

Generally, the credit amount is a percentage of the total cost of the improvement in the year of installation. For tax years 2022-2032 that percentage is 30%. Generally, there is no annual maximum or lifetime limit.

Note. There are [credit limits for fuel cell property](#).

The Residential Clean Energy Credit can be claimed for qualified improvements to a taxpayer's new or existing home located in the United States.