



NEW YORK IRA CONSUMER GUIDE

25C Energy Efficiency Home Improvement Tax Credit

25c Energy Efficiency Home Improvement Tax Credit = Around For A While, But Changed Now

Previously: Originally, limited to 10% of your project costs but IRA increased it to up to 30%

CREDIT

- Your tax credit will cap at \$2,000 annually.
- Only available to offset your tax liability. That means you'll only be able to claim it if you owe some money back in taxes.
- Previously available but it was a lifetime credit, meaning you could claim it only once. But the IRA makes the credit an annual incentive.

TIMELINE

- Will go into effect in 2023. If you install a home energy efficiency project in 2023, you may be eligible to claim the credit when you file your taxes in 2024.
- If already installed a home upgrade in 2022 there are still tax incentives available, up to \$500.

TWO TYPES

WEATHERIZATION INSTALLS

\$1,200 for weatherization installs and qualified energy-efficiency upgrades

- **General Info:** Each year for the next decade, consumers can claim a tax credit that makes their home less drafty or improves the energy efficiency of the devices within it. Sets tax credit for 30% of the cost of qualified projects up to \$1,200.
- **Limits:**

\$150 for a home energy audit	\$500 for exterior doors	\$600 for new energy-efficient exterior windows or skylights	UP TO \$600 for highly efficient central air conditioners; electric panel upgrades; and water heaters, furnaces, and water boilers that run on natural gas, propane, or oil.
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- **Eligibility:** The law says they have to “meet or exceed the highest efficiency tier” of the Consortium for Energy Efficiency, a nonprofit standard-setting group. That means the appliances generally must be more efficient than Energy Star-certified products.

HEAT PUMPS AND WOOD BURNING STOVES

\$2,000 for electric and gas heat pumps and heat pump water heaters, biomass stoves, and boilers

- **General Info:** To purchase an energy-efficient electric or gas-powered heat pump for space heating and cooling, heat pump water heater, high-rated stoves, and boilers (generate heat from burning wood or other biomass feedstocks). Sets 30% tax credits up to \$2,000.
 - » FYI: Credits for heat pumps or biomass stoves and boilers don't count against the \$1,200 annual limit for the home energy efficiency tax credit detailed in the previous section.
- **Example:** Electric heat pumps for heating and cooling can cost more than \$20,000 to purchase and install. Electric heat pump water heaters generally cost less than \$4,000.



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