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.

• 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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