



2022 & 2023 Energy Credits Guide

Energy credits have been around for a long time – even before global warming became climate change. The Inflation Reduction Act of 2022 revived and expanded the credits. The following chart is a general guide about the credit categories and main types of expenditures that qualify. More research may be needed to answer questions about the energy requirement for specific purchases. Vendors usually are happy to provide information for qualifying products.

Home Improvements

		2022			2023		
		%	Limit per	Total limit	%	Limit per	Annual limit
Building Envelope Components	Exterior doors	10%		\$200 for all tax years	30%	\$250 per door	\$500
	Exterior windows & skylights	10%		"	30%		\$600
	Insulation and air sealing	10%		"	30%		
Home energy audits		N/A			30%		\$150
Residential energy property	Central air; Certain water heaters & boilers; Certain energy improvements	10%		\$300	30%	\$600 per item	\$1,200 per year for all of these
Heat pumps, etc.	Water heaters; Heat pumps; Biomass stoves & boilers	30%		\$500 for all tax years	30%		\$2,000 per year
Clean energy expenditures	Solar panels; Solar water heaters; Fuel cells; Wind turbines; Geothermal heat pump; Battery storage	30%	limits for fuel cells per half kilowatt	None	30%	limits for fuel cells per half kilowatt	None

Home improvements are generally for a primary residence, but some are available for a secondary residence. These credits are not available for rent houses. Clean energy credits are available for new construction.

Credits for New Electric Vehicles

2022

The credit equals:

\$2,917 for a vehicle with a battery capacity of at least 5 kilowatt hours (kWh)

Plus \$417 for each kWh of capacity over 5 kWh

The maximum credit is \$7,500. It is nonrefundable, so you can't get back more on the credit than you owe in taxes. You can't apply any excess credit to future tax years.

The electric vehicle has to be less than 14,000 pounds gross vehicle weight and be made by a manufacturer that hasn't sold more than 200,000 EVs (electric vehicles) in the U.S. Here is a list per the IRS: <https://www.irs.gov/credits-deductions/manufacturers-and-models-for-new-qualified-clean-vehicles-purchased-in-2022-and-before>

EVs purchased between 8/16/2022 and 12/31/2022 must also go through final assembly in North America. Here is a list that qualifies: <https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>

2023

The Inflation Reduction Act added new requirements and limitations such as:

Modified adjusted gross income less than \$300,000 for joint filers, \$225,000 for head of household, and \$150,000 for all others;

EV Sellers have to report information to the IRS

The price can't exceed \$80,000 for pickups, vans and SUVs, and \$55,000 for all other vehicles.

The EV has to come from a qualified manufacturer. See here for the list: <https://www.irs.gov/credits-deductions/manufacturers-and-models-for-new-qualified-clean-vehicles-purchased-in-2023-or-after>