

Energy Efficiency / Home Performance

IRA Tax Credit Reference Sheet • 25C: Energy Efficient Home Credit

EXCLUSIVELY
FOR THE
ELITE
PEARL
NETWORK

BUILDING ENVELOPE

Annual maximum tax credit: Any measures above = \$1,200

New equipment only. Home must be located in the United States and must be owned and used by the taxpayer as the taxpayer's principal residence. Work must be done on an existing home (additions qualify); no new construction. Residential properties only¹. Labor costs excluded. Credits only available for year equipment installed. Must remain in use for 5 years. No lifetime limits on nonrefundable personal tax credits, cannot carry credits forward.

Category	Credits Available	Max Credit
Exterior Doors	30% of costs up to \$250 per door	\$ 500
Exterior Windows & Skylights	30% of costs up to \$600	\$600
Insulation and Air Sealing Materials	30% of costs	-
Home Energy Audits	30% of costs up to \$150	\$150

1. A taxpayer who qualifies for the credits and whose use of the qualified property for business purposes is not more than 20 percent may claim the full credit. For a taxpayer who otherwise qualifies for the credits, but whose use of the qualified property for business purposes exceeds 20 percent, the taxpayer must calculate the amount of credit by including only that portion of the expenditures for the property that are properly allocable to use for nonbusiness purposes.

Insulation materials or systems and air sealing materials or systems: must meet the criteria established by the International Energy Conservation Code (IECC) standard in effect at the start of the year that is two years prior to the year the materials or systems are placed in service. For example, materials or systems placed in service in 2025 must meet the criteria established by the IECC standard in effect on January 1, 2023, to qualify for the Energy Efficient Home Improvement Credit in 2025. [Find the 2021 IECC code requirements for Insulation here.](#)

Refer to this [Climate zone map](#) to determine the code requirements for your climate zone.



The Air leakage (2021 IECC code requirements) include the following highlights:

- The building thermal envelope shall be constructed to limit air leakage in accordance with the requirements of Sections R402.4.1 through R402.4.5.
- R402.4.1.3 Leakage rate. When complying with Section R401.2.1, the building or dwelling unit shall have an air leakage rate not exceeding 5.0 air changes per hour in Climate Zones 0, 1, and 2, and 3.0 air changes per hour in Climate Zones 3 through 8, when tested in accordance with Section R402.4.1.2.

#IRAReady #IRAPoweredByPearl

SOLAR

IRA Tax Credit Reference Sheet



SECTION 1 - SOLAR 25D: Residential Clean Energy Property Credit

New equipment only. Home must be located in the United States and used as a residence by the taxpayer (includes renters)¹. Roofing expenditures do not qualify unless solar roofing tiles or shingles are used. Expenses can be used for existing or new construction. Residential properties only². Labor costs included. Credits only available for year equipment installed. No lifetime limits on nonrefundable personal tax credits, and they may be carried forward.

Category	Credits Available	Max Credit	Notes
Solar Panels	30% of the cost		
Solar Water Heaters	30% of the cost		
Fuel Cells	30% of the cost	\$500 for each half kilowatt of capacity ³	Certified by the nonprofit Solar Rating Certification Corporation or a comparable entity
Wind Turbines	30% of the cost		Principal residence only
Geothermal Heat Pumps	30% of the cost		ENERGY STAR
Battery Storage	30% of the cost		Capacity ≤ 3 kWh

SECTION 2 - RESIDENTIAL ENERGY PROPERTY

25C: Energy Efficient Home Credit

Annual maximum tax credit: Any measures in this section = \$1,200

New equipment only. Home must be located in the United States and used as a residence by the taxpayer (includes renters). Work must be done on an existing home (additions qualify); no new construction. Residential properties only². Labor costs included. Credits only available for year equipment installed. No lifetime limits on nonrefundable personal tax credits, cannot carry credits forward.



Category	Credits Available	Max Credit	Notes
Electric or Natural Gas Heat Pumps	30% of costs up to \$600	-	Each item; Includes labor

1. Landlords can never use these credits for improvements made to any homes they rent out but do not use as a residence themselves. However, if a taxpayer is renting a home as their principal residence and makes eligible improvements, a tax credit may be available to such tenant.

2. A taxpayer who qualifies for the credits and whose use of the qualified property for business purposes is not more than 20 percent may claim the full credit. For a taxpayer who otherwise qualifies for the credits, but whose use of the qualified property for business purposes exceeds 20 percent, the taxpayer must calculate the amount of credit by including only that portion of the expenditures for the property that are properly allocable to use for nonbusiness purposes.

3. In the case of a residence or dwelling unit that is jointly occupied by two or more individuals, the maximum amount of such fuel cell property expenditures used to calculate the total Residential Clean Energy Property Credit amount for all individuals living in that dwelling unit during a calendar year is limited to \$1,667 for each half kilowatt of capacity of qualified fuel cell property.

HVAC

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SECTION 1: RESIDENTIAL ENERGY PROPERTY* Annual maximum tax credit: Any measures in Section 1 = \$1,200

Category	Credits Available	Max Credit	Notes
Central A/C	30% of costs up to \$600	\$600	Each item; Includes labor
Natural Gas, Propane, Oil Furnaces and Boilers	30% of costs up to \$600	\$600	Each item; Includes labor
Natural Gas, Propane, Oil water heaters	30% of costs up to \$600	\$600	Each item; Includes labor
Improvements/replacements of panelboards, sub-panels, branch circuits, or feeders	30% of costs up to \$600	\$600	Each item; Includes labor; installed along with building envelope components or other energy property

SECTION 2: HEAT PUMPS, BIOMASS STOVES, AND BOILERS*

Annual maximum tax credit: Measures in Section 2 = \$2,000

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Category	Credits Available	Max Credit	Notes
Electric or Natural Gas Heat Pumps	30% of costs up to \$600	-	Each item; Includes labor
Electric or Natural Gas Heat Pump Water Heaters	30% of costs up to \$600	-	Each item; Includes labor
Biomass Stoves & Boilers	30% of costs up to \$600	-	Each item; Includes labor

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HVAC

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SECTION 3: ELIGIBLE EFFICIENCY RATINGS

All equipment must be ENERGY STAR-rated and rated at the efficiency level 2 (SEER2, EER2, etc.) and have a minimum efficiency rating as listed below to qualify for tax credits.

Equipment type	Qualifying CEE Tier	SEER2	EER2	HSPF2	COP @ 5° F	AFUE
Central A/C	2	≥ 16.0	≥ 12.0	-	-	-
ASHP - North (Ducted)	1	≥ 15.2	≥ 10.0	≥ 8.1	≥ 1.75	-
ASHP - North (Unducted)	2	≥ 16.0	≥ 9.0	≥ 9.5	≥ 1.75	-
ASHP - South (Ducted)	1	≥ 15.2	≥ 11.7	≥ 7.8	-	-
ASHP - South (Unducted)	2	≥ 16.0	≥ 12.0	≥ 9.0	-	-
HP Water Heater ¹	1	-	-	-	≥ 3.3 UEF	-
Gas Forced Air	3	-	-	-	-	≥ 97%
Gas Boiler	2	-	-	-	-	≥ 95%
Oil Boiler ²	-	-	-	-	-	≥ 87%

1. ENERGY STAR Version 5.0 Compliance

2. Oil furnaces or hot water boilers can alternately qualify if they (1) meet or exceed 2021 ENERGY STAR efficiency criteria and are rated by the manufacturer for use with fuel blends at least 20 percent of the volume of which consists of an eligible fuel; or (2) if placed in service after December 31, 2026, achieves an annual fuel efficiency rate of not less than 90 and is rated by the manufacturer for use with fuel blends at least 50 percent of which consists of an eligible fuel. [ENERGY STAR](#).





SECTION 1: RESIDENTIAL ENERGY PROPERTY

Annual maximum tax credit: Any measures in this section = \$1,200

Category	Credits Available	Max Credit	Notes
Natural Gas, Propane, Oil water heaters	30% of costs up to \$600	\$600	Each item; Includes labor
Natural Gas, Propane, and Boilers	30% of costs up to \$600	\$600	Each item; Includes labor

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SECTION 2: HEAT PUMPS, BIOMASS STOVES, AND BOILERS

Annual maximum tax credit: Measures in this section = \$2,000

Category	Credits Available	Max Credit	Notes
Electric or Natural Gas Heat Pump Water Heaters	30% of costs	-	Each item; includes labor
Biomass Stoves & Boilers	30% of costs	-	Each item; includes labor

*New equipment only. Home must be located in the United States and used as a residence by the taxpayer (includes renters). Work must be done on an existing home (additions qualify); no new construction. Residential properties only¹. Labor costs included. Credits only available for year equipment installed. No lifetime limits on nonrefundable personal tax credits, can not carry credits forward.

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