



Energy Efficient Home Improvement Credit

If you make qualified energy-efficient improvements to your home after Jan. 1, 2023, you may qualify for a tax credit up to \$3,200. You can claim the credit for improvements made through 2032.

For improvements installed in 2022 or earlier: Use previous versions of Form 5695.

Beginning Jan. 1, 2023, the credit equals 30% of certain qualified expenses, including:

- Qualified energy efficiency improvements installed during the year
- Residential energy property expenses
- Home energy audits

There are limits on the allowable annual credit and on the amount of credit for certain types of qualified expenses. The credit is allowed for qualifying property placed in service on or after Jan. 1, 2023, and before Jan. 1, 2033.

The maximum credit you can 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

The credit has no lifetime dollar limit. You can claim the maximum annual credit every year that you make eligible improvements until 2033.

The credit 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.

Who qualifies

You may claim the energy efficient home improvement credit for improvements to your main home. Your main home is generally where you live most of the time.

For the energy efficiency home improvement credit, the home must be:

- Located in the United States
- An existing home that you improve or add onto, not a new home

In most cases, the home must be your primary residence (where you live the majority of the year). You can't claim the credit if you're a landlord or other property owner who doesn't live in the home.

Business use of home

If you use a property solely for business purposes, you can't claim the credit.

If you use your home partly for business, the credit for eligible clean energy expenses is as follows:

- Business use up to 20%: full credit
- Business use more than 20%: credit based on share of expenses allocable to nonbusiness use


Frequently asked questions about energy efficient home improvements and residential clean energy property credits

Qualified expenses and credit amounts

To qualify, home improvements must meet energy efficiency standards. They must be new systems and materials, not used. Some improvements have specific credit limits as follows.

Building envelope components

To qualify, building envelope components must have an expected lifespan of at least 5 years. Qualified components include new:

- **Exterior doors** that meet applicable Energy Star  requirements. Credit is limited to \$250 per door and \$500 total.
- **Exterior windows and skylights** that meet Energy Star Most Efficient certification requirements. Credit is limited to \$600 total.
- **Insulation and air sealing materials or systems** that meet International Energy Conservation Code (IECC) standards in effect at the start of the year 2 years before installation. For example, materials or systems installed in 2025 must meet the IECC standard in effect on Jan. 1, 2023. These items don't have a specific credit limit, other than the maximum credit limit of \$1,200.

Labor costs for installing building envelope components don't qualify for the credit.

Home energy audits

A home energy audit for your main home may qualify for a tax credit of up to \$150.

In order to qualify, the home energy audit  must:

- Include a written report and inspection that identifies the most significant and cost-effective energy efficiency improvements with respect to the home, including an estimate of the energy and cost savings with respect to such improvement, and
- Be conducted and prepared by a home energy auditor

Starting in 2024, the following additional requirements must be met:

- The inspection must be conducted by a qualified home energy auditor, defined as an individual who is certified by one of the qualified certification Programs listed on the Department of Energy certification programs for the Energy Efficient Home Improvement Credit (Section 25C) [↗](#) at the time of the audit, or under the supervision of a qualified home energy auditor;
- The written report must be prepared and signed by a qualified home energy auditor, be consistent with industry best practices, and include:
 - The qualified home energy auditor's name and relevant employer identification number (EIN) or other type of appropriate taxpayer identifying number, if the auditor does not have an EIN;
 - An attestation that the qualified home energy auditor is certified by a qualified certification program; and
 - The name of such qualified certification program

We recommend home energy auditors apply for and receive an EIN if they do not already have one. [Apply for an EIN Online.](#)

For more information, see Notice 2023-59 [PDF](#).

Residential energy property

Residential energy property that meets the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect at the beginning of the year when the property is installed qualifies for a credit up to \$600 per item. Costs may include labor for installation.

Qualified property includes new:

- Central air conditioners
- Natural gas, propane, or oil water heaters
- Natural gas, propane, or oil furnaces and hot water boilers

Oil furnaces or hot water boilers can also qualify through other efficiency criteria.

Costs of electrical components needed to support residential energy property, including panelboards, sub-panelboards, branch circuits, and feeders, also qualify for the credit if they meet the National Electric Code and have a capacity of 200 amps or more. There is a limit of \$600 per item.

Heat pumps and biomass stoves and boilers

Heat pumps and biomass stoves and boilers with a thermal efficiency rating of at least 75% qualify for a credit up to \$2,000 per year. Costs may include labor for installation.

Qualified improvements include new:

- Electric or natural gas heat pumps
- Electric or natural gas heat pump water heaters
- Biomass stoves and boilers

Subsidies, rebates and incentives

When calculating your credit, you may need to subtract subsidies, rebates, or other financial incentives from your qualified property expenses because they're considered a purchase price adjustment.

Public utility subsidies for buying or installing clean energy property are subtracted from qualified expenses. This is true whether the subsidy comes directly to you or to a contractor on your behalf. However, utility payments for clean energy you sell back to the grid, such as net metering credits, don't affect your qualified expenses.

Rebates are subtracted from qualified expenses if **all** of these apply:

- The rebate is based on the cost of the property
- It comes from someone connected to the sale such as the manufacturer, distributor, seller or installer
- It isn't given as payment for services you provide

State energy efficiency incentives are generally **not** subtracted from qualified costs unless they qualify as a rebate or purchase-price adjustment under federal income tax law. Many states label energy efficiency incentives as rebates even though they don't qualify under that definition. Those incentives could be included in your gross income for federal income tax purposes. See Notice 2013-70, IRB 2013-47.

How to claim the Energy Efficient Home Improvement Credit

File Form 5695, Residential Energy Credits Part II, with your tax return to claim the credit. You must claim the credit for the tax year when the property is installed, not merely purchased.

Related

- Residential Clean Energy Credit
- Publication 5886-A, Clean Energy Tax Incentives for Individuals [PDF](#)
- Publication 5886-A (sp), Clean Energy Tax Incentives for Individuals (Spanish Version) [PDF](#)