

INFLATION REDUCTION ACT INCENTIVES 2022 - 2032
ENERGY EFFICIENCY INCENTIVES FOR HVAC SYSTEMS

Disclaimer: Information is collected for your convenience and is subject to change. Seek advice from a certified tax professional.

Federal Program	Federal Tax Credits			Federal Cash Rebates	
	<i>Nonbusiness Energy Property Tax Credit</i> ✚ <i>☆</i> (Previous 25C Tax Credit)	<i>Energy Efficient Home Improvement 25C Tax Credit</i> † - Current Energy Audit -	<i>Energy Efficient Home Improvement 25C Tax Credit</i> † + - Current System Credits -	<i>High-Efficiency Electric Home (HEEH) Rebate Program</i> ‡ + [Program not yet in effect]	<i>Home Owner Managing Energy Savings (HOMES) Rebate Program</i> ※ + [Program not yet in effect]
Eligibility Timeline	For property placed in service after December 31, 2021. Effective until December 31, 2032.	For property placed in service after December 31, 2022. Effective until December 31, 2032.	For property placed in service after December 31, 2022. Effective until December 31, 2032.	Unknown / TBD. Awaiting guidance from DOE, EPA, and IRS.	For whole-home retrofits starting on or after August 16, 2022 and are completed by September 30, 2031.
Incentive(s)	Tax credit equal to 10% of energy efficient equipment purchase up to \$300.	Tax credit equal to 30% of cost incurred up to: <ul style="list-style-type: none">• \$150 for Home Energy Audit that:<ul style="list-style-type: none">○ Identifies best energy efficiency improvements.○ Conducted by a certified home energy auditor.	Tax credit equal to 30% of cost incurred up to: <ul style="list-style-type: none">• \$1,200 annually including:<ul style="list-style-type: none">○ \$600 for eligible air conditioners○ \$600 for eligible furnaces• \$2,000 annually for purchase of electric heat pumps	Up to \$8,000 for heat pumps. Up to \$4,000 for electric service center. Up to \$1,600 for insulation, air sealing, and ventilation. Up to \$2,500 for electrical wiring.	Single-family homes, the lesser of: <ul style="list-style-type: none">• \$2,000 or 50% of the project cost with modeled energy savings between 20% and 35%.• \$4,000 or 50% of the project cost with modeled energy savings over 35% OR - Measured energy savings at or above 15% and either: <ul style="list-style-type: none">• kWh saved equal to \$2,000 or 20% reduction of energy use• 50% of the project cost
Eligible Products	Split Heat Pump = 15 SEER & up Pkg. Heat Pump = 14 SEER & up Split A/C = 16 SEER & up Pkg. A/C = 14 SEER & up	n/a	All U.S. Regions - 25C Only Air Conditioners and Furnaces: Split A/C: ≥ 16 SEER2 / ≥ 12.0 EER2 Pkg. A/C: ≥ 15.2 SEER2 / ≥ 11.5 EER2 Natural Gas Furnace: ≥ 97% AFUE	Northern States¹ Heat Pumps - 25C and HEEH: Ducted Split: ≥ 15.2 SEER2 / ≥ 10.0 EER2 / ≥ 8.1 HSPF2 Mini-Split: ≥ 16.0 SEER2 / ≥ 9.0 EER2 / ≥ 9.5 HSPF2 Packaged Unit: ≥ 15.2 SEER2 / ≥ 10.0 EER2 / ≥ 8.1 HSPF2 <i>Must also include for the above units:</i> - Coefficient of Performance (COP) at 5°F ≥ 1.75 - Capacity Ratio ≥ 58% when dividing the heat output at 17°F / 47°F Southern States² Heat Pumps - 25C and HEEH: Ducted Split: ≥ 15.2 SEER2 / ≥ 11.7 EER2 / ≥ 7.8 HSPF2 Mini-Split: ≥ 16.0 SEER2 / ≥ 12.0 EER2 / ≥ 9.0 HSPF2 Packaged Unit: ≥ 15.2 SEER2 / ≥ 10.6 EER2 / ≥ 7.2 HSPF2	Any product purchased that contributes to the required modeled energy savings from the project.
Eligible Households	All households are eligible.	All households are eligible.	All households are eligible.	<ul style="list-style-type: none">• 100% rebate if income is lower than 80% of area median income (AMI).• 50% rebate if income is between 80% and 150% of AMI.• Not eligible if income exceeds 150% of AMI.	<ul style="list-style-type: none">• 80% rebate if income is lower than 80% AMI.• 50% rebate if income is between 80% and 150% AMI.• Not eligible if income exceeds 150% AMI.
Application Requirements	<ul style="list-style-type: none">• Must be homeowner's principal residence.• Must not exceed \$500 in total credits received since 2005.	<ul style="list-style-type: none">• Must be homeowner's principal residence.• Cannot combine with the "High-Efficiency Electric Home Rebate Program".	<ul style="list-style-type: none">• Must be homeowner's principal residence.• Cannot combine with the "High-Efficiency Electric Home Rebate Program".	<ul style="list-style-type: none">• Must be Energy Star certified.• Must not exceed \$14,000 in combined rebate & per household..• May not combine rebates with HOMES rebate program or the 25C Tax Credit.	See 42 U.S.C. § 18795 for more specific details on incentives for multi-family buildings & dwellings.

Sources:

☆ [CEE High-Efficiency Specification, Central Air Conditioners and Air-Source Heat Pumps \(January 1, 2009\)](#)

✚ [26 U.S.C. § 25C: Nonbusiness energy property](#) (last revision on January 3, 2022)

† [26 U.S.C. § 25C: Energy efficient home improvement credit \(current law as of August 16, 2023\)](#)

¹ Northern States are: AK, CO, CT, IA, ID, IL, IN, KS, MA, ME, MI, MN, MO, MT, ND, NE, NH, NJ, NY, OH, OR, PA, RI, SD, UT, VT, WA, WI, WV, WY

² Southern States are: AL, AR, AZ, CA, DC, DE, FL, GA, HI, KY, LA, MD, MS, NC, NM, NV, OK, SC, TN, TX, VA

AMI = Area Median Income

+ [CEE Residential Electrical HVAC Specifications \(January 1, 2023\)](#)

+ [CEE Residential Heating and Cooling Systems Initiative \(January 1, 2023\)](#)

+ [CEE Specifications for Federal Tax Credits Through 2032](#)

‡ [42 U.S.C. § 18795a: High-efficiency electric home rebate program](#)

※ [42 U.S.C. § 18795: Home energy performance-based, whole-house rebates](#)