

SUMMARY OF INFLATION REDUCTION ACT CREDITS

Energy efficient home improvements

- Increased the maximum credit from \$500 per **lifetime** to \$1,200 per **year**
- Applies to property placed in service **after** Dec. 31, 2022, and extended the credit through Dec. 31, 2032
- Credit is capped at the **lesser** of 30% of your cost or \$1,200 total — across all improvements (except for heat pumps, which are separately capped at the lesser of 30% of your cost or \$2,000).
- If your utility company offers a rebate for installing energy-efficient improvements, you'll need to deduct that rebate from your cost before calculating your 30% tax credit.
- See below for a table of the specific calculations for each type of energy-efficient improvement. Note that the annual maximum credit of \$1,200 applies across all categories combined (except heat pumps).
- [Energy Star](#) has information on the tax credits available in 2022. It will be updated for future credit applicability.

Type of improvement	Credit rate	Max annual credit	Qualifications
Windows	30% of cost	\$600	Energy star most efficient
Exterior doors	30% of cost	\$250 per door; max of \$500 total	Energy star
Insulation	30% of cost	\$150	Meet criteria from International Energy Conservation Code
Heat pumps; biomass stoves and boilers	30% of cost	\$2,000, but does not count towards the combined annual max of \$1,200. For example, you could get \$1,200 of credits from windows, doors and insulation PLUS \$2,000 for a heat pump	Highest efficiency tier established by Consortium for Energy Efficiency
HVACs, water heaters, furnaces, boilers	30% of cost	\$600	Highest efficiency tier established by Consortium for Energy Efficiency
Upgrades to electric panel to at least 200 amps	30% of cost	\$600	Panel upgrade must be installed as part of and to enable another energy efficient improvement
Home energy audits	30% of cost	\$150	TBD

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Electric vehicle (EV) tax credits

For any EV purchased (entered into a written binding contract) **before Aug. 16, 2022**, the existing rules remain in place: you may be eligible for a non-refundable tax credit of up to \$7,500, regardless of your income. Certain manufacturers, such as Tesla and GMC, are no longer eligible because they exceed the sales cap.

- For EV purchased and delivered **after Aug. 16, 2022, but before Dec. 31, 2022**, the same rules apply with one major exception — **only EVs for which final assembly occurred in North America are eligible.**

See [the U.S. Department of Energy Alternative Fuels Data Center](#) for a list of which models may qualify based on their final assembly being in North America.

- For any EV purchased **after Dec. 31, 2022**, the new credit requirements apply.
 - Restrictions on which EVs are eligible based on what percentage of battery materials and components are processed, extracted or made in North America or a country in which the U.S. has a free trade agreement
 - Creates a new maximum price limit on the EV to qualify for the credit — \$55,000 for a sedan or \$80,000 for SUVs/pickup trucks/vans
 - Establishes income limits to qualify for the credit — a maximum AGI of \$300,000 for joint filers, \$225,000 for the head of household and \$150,000 for all others

- Removes all manufacturer sales caps. So, Tesla, GMC and others will be eligible again as of Jan. 1, 2023.
- Establishes a new credit for up to \$4,000 for purchasing **used** EVs, also subject to income limits of \$150,000 for joint filers, \$112,500 for the head of household and \$75,000 for others
- Establishes a new credit specifically for business vehicles purchased **after Dec. 31, 2022**, with no income limits, no caps on the purchase price and no manufacturer sales cap; credit will be \$7,500 for vehicles less than 14,000 pounds and \$40,000 for all other vehicles.
- Starting in 2024, you can transfer the credit to the dealership instead of waiting to file tax returns. More guidance will be needed on how this will be implemented.
- For the income limit phase-outs, taxpayers can use the LESSER of their AGI from either the current year (in which they bought the EV) or the prior year.
 - Note that this credit remains non-refundable, and there is no carryover to future years. Also, **there is no credit for leasing a car.** When you lease, the dealership is entitled to the credit.

	Purchased before Aug. 16, 2022	Purchased between Aug. 16, 2022 and Dec. 31, 2022	Purchased after Dec. 31, 2022
Manufacturer sales cap applies (Tesla and GMC phased out)	✓	✓	✗
Final assembly must be in North America	✗	✓	✓
Income limits apply	✗	✗	✓
Battery mineral and component restrictions apply	✗	✗	✓
Price caps on EV apply	✗	✗	✓
Credit for used EVs	✗	✗	✓
Credit for business EVs (no income limits or price caps)	✗	✗	✓
Transfer your credit to the dealership	✗	✗	Begins in 2024
Get a credit on a leased EV	✗	✗	✓