

LEVERAGING THE 25C TAX CREDIT

How you can help your customers take advantage of the tax credits available to them by installing new, high-efficiency HVAC equipment

What is the Energy Efficient Home Improvement Tax Credit (25C)?

Under the *Inflation Reduction Act of 2022*, federal income tax credits for energy efficiency home improvements were made available to consumers through 2032.

Who is eligible for tax credits?

Homeowners who make energy efficient updates to their primary residence can claim the Energy Efficient Home Improvement Credit for the year they make the qualifying improvements.

How do consumers get the credits?

Fill out IRS Form 5695, following IRS instructions, and include it when filing your tax return. Include any relevant product receipts.

What HVAC products are eligible for tax credits?

Homeowners who purchase and install any of the following qualifying products between 2023 and 2032 are eligible for tax credits.

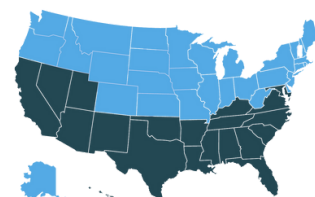
- Air Source Heat Pumps
 - Ducted
 - Non-Ducted
- Geothermal Heat Pumps
- Central Air Conditioners
- Gas, Oil, or Propane Furnaces
- Gas, Oil, or Propane Boilers
- Water Heaters

These products must meet or exceed the specific efficiency tiers established by the Consortium for Energy Efficiency (CEE). *See reverse for qualifiers.*

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CEE Guidelines

To qualify for the 25C tax credits, eligible equipment must meet or exceed the highest efficiency tier established by the Consortium for Energy Efficiency, excluding the Advanced Tier. All standards are national with the exception of heat pumps wherein the CEE North region is the same as the North DOE region and the CEE South region is the same as the combined DOE Southeast and Southwest regions.



25C Tax Credit*	Product	Type	Region	SEER2	EER2	HSPF2	COP @5F	Capacity Ratio	Other Qualifiers
30% of cost, up to \$2,000	Heat Pumps	Split Ducted	North	≥15.2	≥10	≥8.1	1.75	≥58% at 17°F/47°F or ≥70% at 5°F/47°F	-
			South	≥15.2	≥11.7	≥7.8	-	-	-
		Non-Ducted	North	≥16	≥9	≥9.5	1.75	≥58% at 17°F/47°F or ≥70% at 5°F/47°F	-
			South	≥16	≥12	≥9	-	-	-
30% of cost, up to \$600	Air Conditioners	Split AC	National	≥16	≥12	-	-	-	-
30% of cost, up to \$600	Furnaces	Gas-Fired Forced Hot Air	National	-	-	-	-	-	≥97% AFUE
30% of cost, up to \$600	Boilers	Gas-Fired	National	-	-	-	-	-	≥95% AFUE
30% of cost, up to \$600	Tankless Water Heaters	Gas-Fired	National	-	-	-	-	-	≥0.95 UEF

*The 25C credit has an annual cap of \$1,200 (excluding heat pumps).

All information is for general purposes only. This information does not and should not be considered tax advice. Criteria is not static and will change if CEE amends criteria. Homeowners should consult with a qualified tax professional to determine how these credits may apply in their circumstance.

Consult your HVAC Distributors Price Book for qualifying AHRI-rated matches.

Learn More

