

IRS Tax Tip 2023-68, May 16, 2023

Homeowners who make improvements like replacing old doors and windows, installing solar panels or upgrading a hot water heater may qualify for [home energy tax credits](#). They should know what these credits can do for them – and be careful of exaggerated claims companies trying to get their business may make.

There are two tax credits to help defray costs for homeowners making energy efficient improvements to their primary or secondary residence. In some cases, renters may also be able to claim specific costs. Landlords can't use these credits for improvements made to any homes they rent out.

Energy Efficient Home Improvement Credit

Taxpayers can claim the Energy Efficient Home Improvement Credit only for improvements, additions or renovations to an existing home. It doesn't apply to newly constructed homes. Qualifying costs may include:

- Exterior doors, windows, skylights, and insulation materials.
- Central air conditioners, water heaters, furnaces, boilers, and heat pumps.
- Biomass stoves and boilers.
- Home energy audits.

The amount of the credit taxpayers can take is a percentage of the total improvement expenses in the year of installation:

- 2022: 30%, up to a lifetime maximum of \$500.
- 2023 through 2032: 30%, up to a maximum of \$1,200 annually. Biomass stoves and boilers have a separate annual credit limit of \$2,000 annually with no lifetime limit.

Residential Clean Energy Credit

Taxpayers can also claim the Residential Clean Energy Credit for qualifying costs for either an existing home or a newly constructed home. Qualifying costs may include:

- Solar, wind and geothermal power generation equipment.
- Solar water heaters.
- Fuel cells.
- Battery storage.

The amount of the credit taxpayers can take is a percentage of the total improvement expenses in the year of installation:

- 2022 to 2032: 30%, no annual maximum or lifetime limit.
- 2033: 26%, no annual maximum or lifetime limit.
- 2034: 22%, no annual maximum or lifetime limit.

To claim these credits, taxpayers should file [Form 5695, Residential Energy Credits](#), with their tax return.

Internal Revenue Service. (02-Jul-2025) *Home Energy Tax Credit*, irs.gov.
<https://www.irs.gov/credits-deductions/home-energy-tax-credits>