Oxford Presbyterian Church U.S.A.


Earth Care Congregations

# How to Save Money and Care for the Earth at the Same Time

**Qualifying for Rebates and Tax Credits When Making Energy-Saving Home Improvements and Upgrading Vehicles (Inflation Reduction Act of 2022), as of Feb. 2023. This is an evolving plan and adjustments are being made– check IRS or your tax advisor for most recent information.**

## Home Improvements

**If you own your home, there are plenty of opportunities to save money through this new law when you make energy-saving renovations or upgrade to more efficient appliances. Potentially, provisions could apply to renters too, but it is still unclear.**

***Get a home energy audit--*** A room by room walk-through to evaluate your home's energy use, conducted by a licensed professional, can help identify where your house is losing energy, how you can save money and how to make energy efficiency upgrades.

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| **How to save:** A tax credit can cover 30% of the cost of an audit, up to $150. |
| **Who qualifies?** Everyone who owes taxes. The credits can lower the amount you pay in federal taxes. Check with your tax advisor. |
| **When is it available?** Now through the end of 2032. **More information:** U.S. Department of Energy |

***Install solar panels or other renewable energy options–*** New clean energy technologies for your home qualify for tax credits (solar panels, wind turbines, geothermal heat pumps, and standalone batteries to store electricity from renewable sources).

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| **How to save:** A tax credit can cover 30% of qualifying purchases, labor, permits and inspection. No cap on the total price. |
| **Who qualifies?** Everyone who owes taxes. The credits can lower the amount you pay in federal taxes.Check with your tax advisor. |
| **When is it available?** Now through the end of 2034. Applies retroactively to projects completed in 2022. |

***Make energy-saving renovations and buy efficient appliances–*** Purchases of highly energy-efficient home systems may qualify (water heaters, central air conditioners, boilers, insulation, sealing air leaks, energy-efficient exterior doors, windows and skylights).

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| **How to save:** A tax credit up to 30% of the cost of certain appliances capped at $600 per item. Up to $1,200 for insulation, $500 doors, $600 for windows/skylights. Annual limit of $1,200 (which includes a $150 credit for a home energy assessment). |
| **Who qualifies?** Everyone who owes taxes. The credits can lower the amount you pay in federal taxes.Check with your tax advisor. |
| **When is it available?** Through 2032. (Through 2027 for hot water boilers.) |

***Install a heat pump–*** New heat pumps and heat pump water heaters qualify for tax credits.

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| **How to save:** A tax credit covers 30% of the costs of purchase and installation, up to $2,000 per year. (This is in addition to the $1,200 available in tax credits for other energy-saving renovations and appliances.) |
| **Who qualifies?** Everyone who owes taxes. The credits can lower the amount you pay in federal taxes.Check with your tax advisor. |
| **When is it available?** Now through the end of 2032. |

***Get a rebate for renovations that reduce energy use (available later in 2023)--*** For making renovations that lower energy use, like adding insulation and sealing air leaks, replacing exterior doors and windows and making ventilation improvements.

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| **How to save:** The rebate amount depends on two factors: your household income and how much energy you save with the renovations, which can be determined through modeling or measurements. See IRS guidelines for details. |
| **Who qualifies?** Everyone, but low-income households can receive more money back. Check with your tax advisor. |
| **When is it available?** Later in 2023 through Sept. 30, 2031, or until funding runs out. Implementation will vary from state to state. **More information:** Rewiring America |

***Get discounts for energy-efficiency upgrades for lower-income households (available later in 2023)--*** Low- and moderate-income households installing Energy Star-certified electric appliances, including electric stoves and heat pump heating and cooling systems, adding insulation and electric wiring can get upfront rebates.

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| **How to save:** Upfront rebates are available for qualified purchases, with 100% of project costs covered for low-income households (up to the max.), and 50% of costs covered for moderate-income households. Maximum amounts vary by category, IRS guidelines. |
| **Who qualifies?** Low- and moderate-income households only. Check with your tax advisor. |
| **When is it available?** Late in 2023 through Sept. 30, 2031, or until funding runs out. Implementation will vary from state to state. More information: U.S. Department of Energy and Rewiring America |

## Electric Vehicles

**A renewed tax credit can help lower the cost of a new electric car, pickup truck or SUV for many buyers. And, for the first time, used electric vehicles qualify for a credit, too. (nothing for e-bikes and motorcycles at this time).**

***Buy a new electric car, pickup truck or SUV–*** Save money when purchasing a new electric vehicle from a qualified manufacturer. Not all manufacturers qualify– check carefully. In addition, must also be assembled in North America and meet requirements for the components of the vehicle's battery and where its critical minerals were sourced. The U.S. Treasury Department and I.R.S. will issue more guidance on those requirements this year.

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| **How to save:** Tax credit of up to $7,500 on eligible vehicles. There is a $55,000 price cap on new cars and sedans and a $80,000 price cap on trucks, SUVs and vans. |
| **Who qualifies?** A single taxpayer making $150,000 or less, heads of households making $225,000 or less, and joint taxpayers making $300,000 or less. Eligibility for the credit also depends on your tax bill. Check with your tax advisor. |
| **When is it available?** Through 2032. Beginning in 2024, you can transfer the tax credit to car dealers for an upfront "cash on the hood" discount rather than waiting to get money back during tax season. |

***Buy a used electric car, pickup truck or SUV–*** Save when purchasing a used electric vehicle from a licensed car dealer. The vehicle must be at least two years old to qualify, but, unlike new electric vehicles, it does not have to be assembled in North America.

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| **Who qualifies?** A single taxpayer making $75,000 or less, heads of households making $112,500 or less, and joint taxpayers making $150,000 or less. Eligibility for the credit also depends on your tax bill. The credits can lower the amount you owe in federal taxes, but they won't get you a refund if you don't owe anything. |
| **How to save:** Claim a tax credit of up to $4,000 or 30 percent of the vehicle price, whichever is lower, up to maximum vehicle price of $25,000. Check with your tax advisor. |
| **When is it available?** Through the end of 2032. Beginning in 2024, you can transfer the tax credit to car dealers for an upfront "cash on the hood" discount rather than waiting to get money back during tax season. |

***Install an electric vehicle charger at home if you live in a rural or low-income area–*** Installing charging equipment at home for your electric vehicle, including for bikes and motorcycles, qualifies for a tax credit. Hardware and installation, including upgrades to your electrical panel if needed are covered, too.

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| **How to save:** Claim the tax credit for up to 30 percent of the costs, up to $1,000. |
| **Who qualifies?** Households in rural and low-income census tracts. Eligibility for the credit depends on your tax bill. Check with your tax advisor. |
| **When is it available?** Now through the end of 2032. **More information:** U.S. Department of Energy's Alternative Fuels Data Center |

Source: New York Times, Feb. 1, 2023
https://www.nytimes.com/interactive/2023/climate/tax-breaks-inflation-reduction-act.html?campaign_id=54&emc=edit_clim_20230203&instance_id=84429&nl=climate-forward&regi_id=58491067&segment_id=124338&te=1&user_id=a6c64bfdf6877a9ea43a4b686e5fae21

IRS Fact Sheet with FAQs is available at: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf More information: the White House, United States Department of Energy, Rewiring America, Natural Resources Defense Council. Other federal, state, local and utility savings may also be available .