Annual Limits on Energy Efficient Home Improvement Tax Credits

In addition to limits on the amount of credit you can claim for any particular equipment installation or home improvement, there are annual aggregate limits.  The overall total limit for an efficiency tax credit in one year is $3,200.  This breaks down to a total limit of $1,200 for any combination of home envelope improvements (windows/doors/skylights, insulation, electrical) plus furnaces, boilers and central air conditioners.  Any combination of heat pumps, heat pump water heaters and biomass stoves/boilers are subject to an annual total limit of $2,000. (Note: ENERGY STAR certified [geothermal heat pumps](https://www.energystar.gov/about/federal_tax_credits/geothermal_heat_pumps) are eligible for a separate tax credit and not counted against these limits.)

Air Source Heat Pumps Tax Credit

*Information updated 12/30/2022*

[Subscribe](https://cloud.mail.energystar.gov/newsletter) to ENERGY STAR’s Newsletter for updates on tax credits for energy efficiency and other ways to save energy and money at home.

[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$2,000

maximum amount  
credited

What Products are Eligible?

Heat pumps are either ducted or non-ducted (mini-splits).  Eligibility depends on whether you live in the north or south.

**Ducted**

South: All heat pumps that have earned the ENERGY STAR label

North: Heat pumps designated as ENERGY STAR Cold Climate that have an EER2 > 10

**Ductless (mini-splits)**

South: ENERGY STAR certified heat pumps with

* SEER2 > 16
* EER2 > 12
* HSPF2 > 9

North: ENERGY STAR Cold Climate heat pumps with

* SEER2 > 16
* EER2 > 9
* HSPF2 > 9.5

Note: The information provided here about Air-Source heat pumps that are eligible for the tax credit is the most current available. Currently, eligible equipment must “meet or exceed the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year.”  The eligibility requirements are subject to change based on the final CEE Criteria and the Internal Revenue Service (IRS).

# Central Air Conditioners Tax Credit

*Information updated 12/30/2022*

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[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$600

maximum amount  
credited

What products are eligible?

For split systems, ENERGY STAR certified equipment with SEER2 > 16 is eligible.  All ENERGY STAR certified packaged systems are eligible.

Note: Under the tax code, eligible equipment must “meet or exceed the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year.”  The eligibility described above is consistent with this requirement.

Hot Water Boilers (Natural Gas, Propane, Oil) Tax Credit

*Information updated 12/30/2022*

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[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$600

maximum amount  
credited

What products are eligible?

Gas Boilers

ENERGY STAR certified gas boilers with AFUE > 95% are eligible.

Note: Under the tax code, eligible equipment must “meet or exceed the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year.”  The eligibility described above is consistent with this requirement.

Oil Boilers

ENERGY STAR certified oil boilers that use certain fuels are eligible.  The equipment must be rated by the manufacturer for use with fuel blends at least 20 percent of the volume of which consists of biodiesel, renewable diesel or second-generation biofuel.

Biomass Stoves/Boilers Tax Credit

*Information updated 12/30/2022*

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[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$2,000

maximum amount  
credited

What products are eligible?

Biomass stoves burn biomass fuel to heat a home or heat water. Biomass fuel includes agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.

Must have a thermal efficiency rating of at least 75% (measured by the higher heating value of the fuel).

Furnaces (Natural Gas, Oil) Tax Credits

*Information updated 12/30/2022*

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[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$600

maximum amount  
credited

What products are eligible?

Gas Furnaces

ENERGY STAR certified gas furnaces with AFUE > 97% are eligible.

Note: Under the tax code, eligible equipment must “meet or exceed the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year.”  The eligibility described above is consistent with this requirement.

Oil Furnaces

ENERGY STAR certified oil furnaces that use certain fuels are eligible. The equipment must be rated by the manufacturer for use with fuel blends at least 20 percent of the volume of which consists of biodiesel, renewable diesel, or second-generation biofuel.

Heat Pump Water Heaters Tax Credit

*Information updated 12/30/2022*

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[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$2,000

maximum amount  
credited

What products are eligible?

Heat pump water heaters that have earned the ENERGY STAR are eligible for this credit.

Note: Under the tax code, eligible equipment must “meet or exceed the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year.”  The eligibility described above is consistent with this requirement.

Water Heaters (Natural Gas) Tax Credit

*Information updated 12/30/2022*

[Subscribe](https://cloud.mail.energystar.gov/newsletter) to ENERGY STAR’s Newsletter for updates on tax credits for energy efficiency and other ways to save energy and money at home.

[See tax credits for 2022 and previous years](https://www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/2022_tax_credit_information).

This tax credit is effective for products purchased and installed between January 1, 2023, and December 31, 2032.

You can claim:

30%

of project cost

$600

maximum amount  
credited

What products are eligible?

Gas storage water heaters

ENERGY STAR certified models are eligible as follows: > 0.81 UEF for tanks less than 55 gallons and > 0.86 UEF for tanks greater than or equal to 55 gallons.

Tankless gas water heaters

ENERGY STAR models with > 0.95 UEF are eligible.