



LAKES REGION TAX PREPARER DIRECTORY

Tax tips: Claiming energy tax credits

Making energy efficient updates to your home is a great move for our environment. But you might feel the pinch in your household budget. The good news is that there are a couple of tax credits that can help out your wallet.

Nonbusiness Energy Property Credit (now the Energy Efficient Home Improvement Credit)

With the Inflation Reduction Act of 2022, the Nonbusiness Energy Property Credit was extended through 2032 and renamed the Energy Efficient Home Improvement Credit.

It's important to note that the credit will follow different rules depending on the year the improvement is installed.

Property placed in service in tax year 2022 or earlier

For improvements installed prior to 2023, the Nonbusiness Energy Tax Credit is available for energy efficient home improvements that include building envelope components and energy properties.

This energy tax credit is available for energy efficient home improvements that fall into the following categories:

Building envelope

Eligible items are:

- Insulation material or systems
- Exterior windows, skylights, or doors
- Storm windows and storm doors installed over certain types of windows and doors
- Certain metal roofs
- Certain asphalt roofs

Energy properties

These are home appliances that improve the home's heating and cooling efficiency. Improvements include:

- Advanced main air-circulating fan used in a natural gas, propane, or oil furnace
- Biomass fuel stoves
- Central air conditioners
- Electric heat pump water heaters
- Electric heat pumps
- Natural gas, propane, or oil furnaces
- Natural gas, propane, or oil water boilers
- Natural gas, propane, or oil water heaters

The maximum lifetime credit for all types of property combined is \$500 for tax

year 2022 and all prior years. No more than \$200 can be claimed for exterior windows. The property must be original use property installed in your main home in the United States.

What to know about the 2024 Energy Efficient Home Improvement Credit

The new credit increases from 10% to 30% of qualified energy-efficient improvements and residential property expenses. It also removes the \$500-per-person lifetime credit limit; giving you, the taxpayer, a maximum credit limit of \$1,200 per year. The limit per qualifying item is generally \$600 (\$250 per exterior door up to \$500 for all exterior doors). Additionally, heat pumps, heat pump water heaters, biomass stoves and biomass boilers have a separate annual credit limit of \$2,000 with no lifetime limitation.

The new provision also made the following changes:

- Roofs no longer qualify, but air sealing insulation does
- You can claim the credit for not only a primary residence, but also a secondary one.

Residential Energy Efficient Property Credit (now the Residential Clean Energy Credit)

The same legislation mentioned above changed the Residential Energy Efficient Property (REEP) credit to the Residential Clean Energy Credit in 2022. The rules below apply to property put in service after Dec. 31, 2021, through December 31, 2034.

However, the value of the credit changes depending on when you've installed the property.

The credit rates are:

- 26% for property placed in service during 2021
- 30% for property placed in service from 2022-2032
- 26% for property placed in service during 2033
- 22% for property placed in service during 2034

What property qualifies?

Solar electric, wind, and other alternative energy equipment installed in your home qualifies. But wait... If your home also has solar panels, there are even more credits you could claim.

— H&R Block

Free tax help by appointment in Wolfeboro

WOLFEBORO — AARP is offering free tax help by appointment only at Wolfeboro Public Library on Thursdays through April 9 from 9:30 a.m. to 12:30 p.m. and again from 1:30 to 4:30 p.m.

For more information, visit wolfeboropubliclibrary.org or call 603-569-2428.



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