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Product Bulletin

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Home Energy Savings Act to Extend the IRS Code Section 25C Tax Credit

The Internal Revenue Code Section 25C tax credit for qualified energy efficiency improvements has recently been extended through December 31, 2022. Later this year, a new level of tax credits will be announced with new credit levels and efficiency requirements for installs starting in January 2023. *Please have your consumers consult with their tax professional for further details.*

Introduction

Through December 31, 2022, homeowners may receive a credit against their taxes for an amount equal to the sum of:

- 10% of the amount paid or incurred during the taxable year, up to \$500 or a specific amount from \$50-\$300 shown in the table below.
- The amount of the residential energy property expenditures paid or incurred during the taxable year.
- 25C tax credit is retroactive, starting January 2018, if homeowners choose to amend their taxes.

Top Features

A homeowner can claim the § 25C credit only for qualifying expenditures incurred for an existing home or for an addition or renovation to an existing home. This cannot be claimed on a new construction home. Labor costs may be included while calculating the § 25C credit for the onsite preparation, assembly, or original installation. In contrast, a homeowner may not include the labor costs for qualified energy efficient building envelope components. The credit is subject to a cap of \$500 or a specific amount from \$50-\$300 in the table below.

Maximum Tax Credit Available	Product Type	Efficiency Requirements
\$50	Any advanced main air circulating fan	*See below
\$150	Natural gas, propane, oil furnace or boiler	95% AFUE
\$300	Split system air conditioner	16 SEER / 13 EER
\$300	Split system heat pump	15 SEER / 12.5 EER / 8.5 HSPF
\$300	Package air conditioner	14 SEER / 12 EER
\$300	Package heat pump	14 SEER / 12 EER / 8 HSPF
\$300	Package gas / electric	14 SEER / 12 EER

*An advanced main air circulating fan is a fan used in a natural gas, propane, or oil furnace and which has an annual electricity use of no more than 2 percent of the total annual energy use of the furnace.



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- Boilers and Furnaces: Oil, propane and natural gas hot water boilers must meet or exceed a 95% AFUE. Propane furnaces, natural gas furnaces and oil furnaces must meet or exceed a 95% AFUE. The maximum credit for boilers or gas furnaces is up to \$150.
- Central Air Conditioners: Split system central air conditioners must have a minimum of 13 EER and 16 SEER. The tax credit is up to \$300.
- Packaged system central air conditioners must meet or exceed 12 EER and 14 SEER. The tax credit is up to \$300.
- Heat Pumps:
 - Packaged heat pump systems must have a minimum of 12.5 SEER, 8 HSPF and 15 SEER. The tax credit is up to \$300.
 - Air source heat pumps, including ductless air source heat pumps, are required to have a minimum of 12.5 EER, 8.5 HSPF and 15 SEER. The tax credit is up to \$300.
- Main Air Circulating Fan: The advanced main air circulating fan must not use more than 2% of energy. The tax credit is up to \$50.

For more information, please visit: https://www.energystar.gov/about/federal_tax_credits

Disclaimer: This notice is not to be considered tax advice. See your tax professional to determine how these credits may apply in your circumstance.

FAQs

What is the Inflation Reduction Act of 2022?

To help reduce inflation, decrease carbon emissions, and more, the U.S. Government has passed the Inflation Reduction Act of 2022 which includes several tax credits for the installation of ENERGY STAR® certified home heating and cooling products.

How should dealers leverage this opportunity?

We encourage dealers to renew their efforts in selling higher-efficiency systems. Research the potential tax credits available, the efficiency requirements to earn the credit, and the Carrier products that meet those criteria. Then, communicate those potential incentives in every sales presentation. At the same time, consider reaching out to customers who installed qualifying systems between January 1, 2022 and December 31, 2022 and let them know they may qualify for the credit as well.

Watch for more information towards the end of 2022 to understand the credit levels and efficiency requirements for installs starting January 2023.



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FAQs (cont'd)

How does this legislation affect homeowners?

For homeowners, this legislation makes stepping up to a higher efficiency home comfort system more affordable. And when they do, it can lead to higher satisfaction with Carrier systems that provide the additional comfort benefits of our premium products, including:

- Potentially reduced monthly heating and cooling costs
- Infinity® system communication capabilities
- Greenspeed® intelligence and adaptable capacity comfort
- Ideal Humidity System™ technology's advanced moisture control
- Flexibility with Ductless Single Zone and Multizone Solutions
- Smooth, even variable-speed comfort

Which Carrier products qualify for these tax credits?

Equipment	Tax Credit	Minimum Efficiency	Carrier Product Families that meet requirements*
Split Central Air Conditioner	\$300	13.0 EER 16.0 SEER	24AAA5, 24ABB3, 24ABC6, 24ACA4, 24ACB7, 24ACC4, 24ACC6, 24AHA4, 24ANB1, 24ANB6, 24ANB7, 24APB6, 24SCA4, 24SCA5, 24SPA5, 24SPA6, 24TPA7, 24VNA6, 24VNA9, 34SCA5, CA13, CA14, CA15, CA16, CA17, GA4S, GA5S, GA7T
Split Air Source Heat Pump	\$300	8.5 HSPF 12.5 EER 15.0 SEER	Unitary: 25HBC5, 25HCB6, 25HCC5, 25HCE4, 25HHA4, 25HNB6, 25HPB6, 25TPA7, 25VNA4, 25VNA8, 38MURA, CH14, CH16, CH17, GH7T Ductless: 38MPRB, 38MARB, 38MG*B, 38MHRCQ, RAVAT2, MCY-MAP
Package Air Conditioner	\$300	12.0 EER 14.0 SEER	50GC, 50JC, 50LC, 50VG, 48VG, 50ZP
Package Heat Pump	\$300	8.0 HSPF 12.0 EER 14.0 SEER	50GC, 50VR, 48VR, 50VT, 48VT
Natural Gas, Propane or Oil Furnace	\$150	95% AFUE	59MN7, 59TN6, 59CU5, 59TP6, 59SP6, 59SC5, 59SU5

*Qualification depends on the specific model and system combination installed, consult the AHRI directory and/or www.cbpeqp.com/carrirratings.aspx to search for a list of applicable combinations.