



# Inflation Reduction Act Clean Energy Credits

The Inflation Reduction Act that Democrats in Congress passed last year includes clean energy and energy efficiency tax credits and rebates that will make it easier and more affordable to upgrade to more efficient appliances, purchase an electric vehicle, install residential clean energy systems, and save money on energy bills. Tax credits are available as of January 2023, and rebates will be implemented by the California Energy Commission in early 2024.

## Tax Credits

### New Electric Vehicle Tax Credit: Up to \$7,500 Available Now

#### ELIGIBILITY

- Qualifying buyers are limited to individuals with a modified adjusted gross income (MAGI) less than \$150K (or \$300K for joint filers).
- Qualifying vehicles must have a Manufacturer Suggested Retail Price (MSRP) of less than \$55K (or \$80K for vans, SUVs, or pick-up trucks), and meet certain battery manufacturing and component criteria.
- For more information on the qualification requirements, visit here: <https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after>
- **Beginning in 2024**, taxpayers can transfer this tax credit as a “point of sale rebate” by a dealership to directly lower the price of the vehicle by the credit amount at the time of purchase.

### Used Electric Vehicle: Up to \$4,000 Available Now

Beginning January 1, 2023, if you buy a qualified used electric vehicle (EV) or fuel cell vehicle (FCV) from a licensed dealer for \$25,000 or less, you may be eligible for a used clean vehicle tax credit. The credit equals 30% of the sale price up to a maximum credit of \$4,000.

#### ELIGIBILITY

- Qualifying buyers are limited to individuals with a modified adjusted gross income (MAGI) less than \$75K (or \$150K for joint filers).
- Qualifying vehicles must have a MSRP of less than \$25K, weigh less than 14,000 pounds, and be at least two years old (model year must be at least 2 years older than the year of sale.)
- Find a [list of qualified vehicles](#) here. Purchases must be made through a dealer who is licensed to sell motor vehicles.
- Beginning in 2024, taxpayers have the option to transfer this tax credit as a “point of sale rebate” by a dealership to lower the price of the vehicle by the credit amount at the time of purchase.

### **Electric Vehicle Charger: Up to \$1,000 Available Now**

Incentivizes businesses and homeowners to install EV chargers.

#### ELIGIBILITY

- Homeowners living in a census tract where the median family income is less than 80% of the state medium family income level can get a tax credit of 30% of the cost of installing a home EV charger on their property—up to a maximum of \$1,000.

### **Residential Clean Energy Tax Credit: 30% Available Now**

Provides households an uncapped 30% clean energy tax credit. Those who upgrade their electrical panels in conjunction with rooftop solar are also eligible for a 30% uncapped credit.

#### ELIGIBILITY

- This 30% credit applies to purchase and installation costs for: solar panels, solar water heaters, small wind turbines, geothermal heat pumps, battery storage systems.
- For more info, check out this [IRS FAQ](https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after) on the 25D tax credit: <https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after>

### **Energy Efficient Home Improvement: Up to \$3,200 Available Now**

This tax credit is 30% of the cost of the improvement and available annually. Energy-efficient improvements to your home may qualify you for tax credits worth up to \$3,200.

#### ELIGIBILITY

- You may claim the energy efficient home improvement credit for improvements to your main home.
- Homeowners can claim up to \$2,000 for heat pumps or heat pump water heaters. Upgrade costs eligible for the credit can include equipment, installation, and labor costs.
- Homeowners can also claim up to \$1,200 for other weatherization installs and energy-efficient improvements including up to: \$150 for a home energy audit, \$250 for a new exterior door (\$500 total for all exterior doors), \$600 for new exterior windows and skylights, \$1,200 for insulation \$600 for an upgraded electrical panel.
- For more information, check out this [IRS FAQ](https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit) on the 25C credit: <https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>