

Clean Energy Credits. For 2024, the clean energy tax credits available include (1) residential energy property credits (the energy efficient home improvement credit and the residential clean energy credit) and (2) vehicle-related credits (the new clean vehicle credit, the previously owned clean vehicle credit, and the alternative fuel refueling property credit). These credits were significantly expanded by the Inflation Reduction Act of 2022.

The energy efficient home improvement credit is credit for 30 percent of the costs of all qualified energy efficiency improvements and residential energy property expenditures you make during the year. This credit is subject to an annual limit of \$1,200, and there are also limits for specific types of qualifying improvements. These limits are: (1) \$250 for any exterior door (\$500 total for all exterior doors), (2) \$600 for exterior windows and skylights, (3) \$600 for other qualified energy property (including central air conditioners; electric panels and certain related equipment; natural gas, propane, or oil water heaters; oil furnaces; water boilers), and (4) a higher \$2,000 annual limit for heat pumps and heat pump water heaters, biomass stoves, and boilers. The Inflation Reduction Act also added a credit of up to \$150 per year for home energy audits. Roofs do not qualify for the credit.

The residential clean energy credit equals 30 percent of the cost of certain qualified property installed on or used in connection with your home. Qualifying properties are: (1) solar electric property, (2) solar water heating property, (3) fuel cell property, (4) small wind energy property, (5) geothermal heat pump property, and (6) battery storage technology. There is no annual or lifetime limit on the residential clean energy credit except with respect to fuel cell property, which is limited to \$500 for each half kilowatt of capacity. In addition, if more than one person lives in your home, the combined credit for all residents cannot exceed \$1,667 for each half kilowatt of fuel cell capacity.

A new clean vehicle credit of up to \$7,500 may be available if you acquired a qualified electric vehicle in 2024. To qualify, the vehicle must have been assembled in North America. The credit amount equals \$3,750 for vehicles meeting a critical minerals requirement plus \$3,750 for vehicles meeting a battery component requirement. Price limits, MSRP limitations, apply depending on the vehicle type (\$80,000 for vans, SUVs, and pickup trucks; \$55,000 for other vehicles). The Department of Energy provides a list at [FuelEconomy.gov](https://www.fueleconomy.gov) of eligible clean vehicles that meet the requirements to claim this credit, including the applicable MSRP limitation. The credit is not available if your adjusted gross income for the year is over \$300,000 (married filing jointly), \$225,000 (head of household), and \$150,000 (single).

A tax credit is also available for the purchase of a previously owned clean vehicle. The credit amount is the lesser of (1) \$4,000, or (2) 30 percent of the cost of the vehicle. In order to qualify for the previously owned clean vehicle credit, the vehicle must be sold by a dealer for a sale price not in excess of \$25,000, and the sale must be the first transfer of the vehicle since August 16, 2022. In addition, the buyer must be an individual taxpayer who cannot be claimed as a dependent by another taxpayer, who purchases the vehicle for use and not for resale, and who has not been allowed the previously owned clean vehicle credit in any of the 3 years preceding the sale of the vehicle. The credit is not available to taxpayers with adjusted gross income over \$150,000 (married filing jointly), \$112,500 (head of household), and \$75,000 (single). Like the new clean vehicle credit, this credit will be transferable to the dealer beginning in 2024.

Starting in 2024, the new clean vehicle credit and the previously owned clean vehicle credit can be transferred to the dealer in exchange for a reduction in the sale price of the vehicle, a cash payment, or both. A transfer election may be made only if the vehicle is predominantly for personal (rather than business) use. Note that even if the credit is transferred to the dealer, it still must be reported on the taxpayer's return.

The alternative fuel vehicle refueling property credit is allowed with respect to any single item of qualified alternative fuel vehicle refueling property placed in service during the tax year in a qualifying location (generally, a low-income community or non-urban area). The credit amount is limited to (1) \$100,000 in the case of depreciable property, and (2) \$1,000 in any other case. Qualifying property includes bidirectional charging equipment, and the credit can also be claimed for electric charging stations for two- and three-wheeled vehicles that are intended for use on public roads.