

# Clean Energy/Energy Efficiency Incentives and Residential Real Estate Properties

(for housing developers, building owners, and resident landlords)

Please visit [IRS.gov/CleanEnergy](https://www.irs.gov/CleanEnergy) and [Treasury.gov/IRA](https://www.treasury.gov/IRA) for additional information.

**DID YOU KNOW?**  
Certain clean energy installations and energy efficiency improvements to residential properties are eligible for tax credits or deductions.

(Prevailing Wage and Apprenticeship requirements are applicable in certain cases, providing greater value to credits and deductions)

## TAX CREDITS

### New Energy-Efficient Homes Credit (45L)

- Up to \$5,000 business tax credit for construction of new energy-efficient homes or units in multifamily properties
- Energy efficiency can result in lower monthly expenses
- To qualify, contractors must meet relevant [Energy Star](#) requirements or, for the maximum credit amount, [Zero Energy Ready program requirements](#)
- *Not available to governments or tax-exempt entities*

### EV Charger/Refueling Property Credit (30C)

- Tax credits for property that recharges electric vehicles or stores or dispenses clean-burning fuel
- Property must be installed in a qualifying low-income or non-urban census tract. See qualifying geographies [here](#)
- Chargers may appeal to growing number of electric vehicle and plug-in electric vehicle drivers
- Can be accessed by governments, tax-exempt entities, and other applicable entities via Elective Pay

## TAX DEDUCTIONS

### Energy-Efficient Commercial Buildings Deduction (179D)

- Tax deduction up to \$5.00 per sq. ft. for depreciable improvements to interior lighting systems, HVAC/water systems, and building envelope that reduce total annual energy and power costs of such systems
- Available to commercial building owners or long-term lessees, including certain multifamily residential properties.
- Energy/power savings must be at least 25% (50% for maximum deduction)
- *For more information, please visit [Treasury.gov/IRA-ResourceHub](https://www.treasury.gov/IRA-ResourceHub)*

### Investment or Production Tax Credits (48, 48E, 45, 45Y)

- Business tax credits for investments in wind, solar, energy storage, and other types of clean energy generation
- Investment credit is up to 30% of investment basis (can be more if bonus credits are applicable, such as for affordable multifamily), while production credit is a per kilowatt-hour credit for electricity production
- Can be accessed by governments, tax-exempt entities, and other applicable entities via Elective Pay
- *For more information, please visit [Treasury.gov/IRA-ResourceHub](https://www.treasury.gov/IRA-ResourceHub)*

### Energy-Efficient Home Improvement Credit (25C)





- Landlords, who are not also residents of the dwelling, may not claim this credit
- 30% maximum credit for qualifying improvements, such as heat pumps, other efficient HVAC systems, building envelope improvements, and more
- Subject to annual credit limits
- *For more information, please visit [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy)*

### Depreciation of Capital Expenses






- In general, businesses, including real estate properties, may deduct depreciation of capital expenses from their income
- This would include capital investments in clean energy for residential properties, such as for heat pumps, electrical upgrades, and solar power equipment



# Upgrades to Existing Residential Real Estate

Installation/Improvement		Consider the following credits and deductions:
	<b>Solar Panels Providing Energy to the Building</b>	<ul style="list-style-type: none"> <li>48 and 48E Investment Tax Credit or 45 and 45Y Production Tax Credit                             <ul style="list-style-type: none"> <li>Bonus Credits (Low-Income Communities – 48(e) and 48E(h), Energy Communities, Domestic Content)</li> </ul> </li> </ul>
	<b>EV Chargers on the Property</b>	<ul style="list-style-type: none"> <li>30C Alternative Fuel Vehicle Refueling Property Credit</li> </ul>
	<b>HVAC and Building Envelope Improvements</b>	<ul style="list-style-type: none"> <li>25C Energy-Efficient Home Improvement Credit (<i>energy efficient upgrades for windows, skylights, doors, insulation, HVAC such as heat pumps</i>) or</li> <li>179D Energy-Efficient Commercial Buildings Deduction (<i>installation of certain interior lighting systems, building envelope, or HVAC systems in an existing building</i>)</li> </ul>
	<b>Clean Energy Capital Expenses</b>	<ul style="list-style-type: none"> <li><i>The depreciation from clean energy capital expenses may be deducted from a taxpayer's income</i></li> </ul>

# Clean Energy in New Residential Construction

Installation/Improvement		Consider the following credits and deductions:
	<b>Energy-Efficient New Home Construction</b>	<ul style="list-style-type: none"> <li>45L New Energy-Efficient Homes Credit</li> </ul>
	<b>Solar Panels Providing Energy to the Building</b>	<ul style="list-style-type: none"> <li>48 and 48E Investment Tax Credit or 45 and 45Y Production Tax Credit                             <ul style="list-style-type: none"> <li>Bonus Credits (Low-Income Communities – 48(e) and 48E(h), Energy Communities, Domestic Content)</li> </ul> </li> </ul>
	<b>EV Chargers on the Property</b>	<ul style="list-style-type: none"> <li>30C Alternative Fuel Vehicle Refueling Property Credit</li> </ul>
	<b>Energy-Efficient HVAC and Building Envelope Systems</b>	<ul style="list-style-type: none"> <li>179D Energy Efficient Commercial Buildings Deduction (<i>installation of certain interior lighting systems, building envelope, or HVAC systems in new buildings</i>)</li> </ul>
	<b>Clean Energy Capital Expenses</b>	<ul style="list-style-type: none"> <li><i>The depreciation from clean energy capital expenses may be deducted from a taxpayer's income</i></li> </ul>

Find out more about Clean Energy Tax Incentives, please visit Treasury Department's [www.Treasury.gov/IRA](http://www.Treasury.gov/IRA)

