

# Inflation Reduction Act Resources

Trane has created the Electrification of Heat Hub which contains Inflation Reduction Act Resources. Our goal is to help you prepare for the energy-efficient opportunities encouraging electric clean energy and gain a complete understanding of the Inflation Reduction Act's climate and energy incentives. Trane's Electrification of Heat Hub provides up-to-date documents and resources to support and navigate you through these changes.

**Bookmark this site to stay up-to-date with new resources!**

**To access this hub:**

Comfortsite ► Product Info ► Electrification of Heat Hub-Inflation Reduction Act Resources

**Included in this hub:**

## ◆ ★ **25C Tax Credit Qualifying Systems** ★

- For more guidance on the qualifying list of products, download this file to view the latest updates.
- Includes AHRI Ratings for eligible Trane and RunTru systems.

## ◆ **Inflation Reduction Act Overview Guide (PDF)**

- This document provides responses to the latest questions and concerns Trane has received surrounding the Inflation Reduction Act.

## ◆ **2023 CEE Tiers Announced**

- The 2023 version of the 25C tax credit will be contingent on equipment that meets the highest Consortium for Energy Efficiency (CEE) tier. On November 18th, the CEE announced the new tiers for Residential Electric HVAC going into effect January 1st, 2023. Visit the CEE released content directly here:

- CEE Residential Electric HVAC Specification – January 1, 2023
- CEE Residential Natural Gas Specification (Hydronic) – 2021-(unchanged)

## ◆ **Additional Information**



**This flyer explains where to find eligible Trane & RunTru systems for the 25C Tax Credit**



The Inflation Reduction Act (IRA), signed in August 2022, included an expansion of the **Non-Business Energy Property Tax Credit** (Internal Revenue Code Section 25C), which provides a tax credit to homeowners when installing certain residential equipment. Notably, the expanded version of this tax credit is annual (not lifetime) and was renamed the **Energy-Efficient Home Improvement Tax Credit (25C)**. These big incentives are likely to pique a homeowner’s curiosity in considering more energy efficient solutions for their home.

**ENERGY EFFICIENCY HOME IMPROVEMENT TAX CREDIT (25C)**

Provides a 30% credit rate with an annual cap of \$1,200 and up to \$2,000 for qualified heat pumps. This credit will be an annual tax credit opportunity for homeowners, whereas it was previously a one-time credit.

**\$600 Tax Credit:** Applicable for the installation of gas furnaces and air conditioners that meet the minimum requirements of the CEE Tiers seen in the reference table below. Furnaces and Air Conditioners do not have regional requirements.

**\$1200 Tax Credit:** Applicable for the installation of Air Sourced Heat Pumps that meet the minimum requirements of CEE Tiers seen in the reference table below. Please note that the CEE has different Heat Pump requirements by region, and those regions are identified in the table below.

**Reference Table: Highest Non-Advanced 2023 CEE Tiers**

2023 25C Tax Credit*	Product	Offering	CEE Regions	AFUE	SEER2	EER2	HSPF2	COP at 5°F	Capacity Ratio
Up to \$600	Furnaces	Gas	National	≥97%	—	—	—	—	—
Up to \$600	Air Conditioners	Split Ducted	National	—	≥16	≥12	—	—	—
		Ductless	National	—	≥16	≥12	—	—	—
		Packaged	National	—	≥15.2	≥11.5	—	—	—
Up to \$2,000	Air Sourced Heat Pumps	Split Ducted	North	—	≥15.2	≥10	≥8.1	≥1.75	≥58% (17°F/47°F) or ≥70% (5°F/47°F)
		Ductless	North	—	≥16	≥9	≥9.5		
		Packaged	North	—	≥15.2	≥10	≥8.1		
		Split Ducted	South	—	≥15.2	≥11.7	≥7.8	—	—
		Ductless	South	—	≥16	≥12	≥9	—	—
		Packaged	South	—	≥15.2	≥10.6	≥7.2	—	—

\* The IRS has not yet published details on the requirements for the 2023 25C tax credit. The information in the table is subject to change based on direction provided by the the IRS. When new information becomes available, we'll post and adjust as needed.

## 2022 CURRENT TAX CREDIT OPPORTUNITIES

In the past year, the previous tax credits that expired December 2021 had been extended to the 2022 tax year. This meant some customers may have been eligible to receive 25C or 45L credits last year. We encouraged dealers to take advantage of the opportunity as the 2023 programs were being defined.

### 1. 25C

#### NON-BUSINESS ENERGY PROPERTY TAX CREDIT

The extended version of 25C, known as the **Non-Business Energy Property Tax Credit**, targeted energy efficient home improvements. Homeowners who met the requirements may have been eligible to claim a tax credit for a **10% credit rate** of the installed costs, with a lifetime cap of up to **\$500 for equipment placed in service by December, 31<sup>st</sup> 2022**.

Since the 2023 version of this program has been expanded upon, there was an opportunity to have a conversation with your customers about the past tax credit opportunities- perhaps even delighting customers who had installed eligible equipment earlier in the year!

### 2. 45L

#### ENERGY EFFICIENT HOME TAX CREDIT

The extended version of 45L, known as the **Energy Efficient Home Tax Credit**, was available to developers and building contractors. The requirements required a HERS rater to confirm through energy modeling and on-site performance verification that the home was at least 50% more energy efficient than the 2006 IECC. Developers or building contractors who met the requirements may have been eligible for up to **\$2,000 per unit** for new energy efficient homes, or **\$1,000 per unit** for manufactured homes. This extended version of the tax credit was available until **December 31<sup>st</sup>, 2022**.

2022 TAX CREDITS

	TIME-FRAME	INTENT	WHO QUALIFIES	INCENTIVE DETAILS	TECHNICAL REQUIREMENTS	ELIGIBILITY
<p>1.</p> <p><b>Non-business Energy Property Tax Credit (25C)</b></p>	<p>1/1/22 - 12/31/22</p> <p><i>Equipment placed in service</i></p>	<p>Provides tax credit for energy efficient equipment</p>	<p>Currently active for homeowners</p>	<p>10% credit rate with lifetime cap of \$500, Credits for qualified HP/AC (\$300) and furnace (\$150)</p>	<p><i>Equipment must meet the highest CEE Tier prior to new January 1st 2023 update, including Central Air Conditioners and Air Source Heat Pumps</i></p>	<p><i>Products must be produced by qualified manufacturers</i></p>
<p>2.</p> <p><b>Energy Efficient Home Tax Credit (45L)</b></p>	<p>1/1/22 - 12/31/22</p> <p><i>Homes acquired.</i></p>	<p>Encourage energy-efficient new construction</p>	<p>Currently active for developers and building contractors</p>	<p>\$2,000 per unit for new energy-efficient home. \$1,000 per unit for manufactured homes.</p>		

**2023 FUTURE TAX CREDIT OPPORTUNITIES**

**1. 25C**

**ENERGY EFFICIENT HOME IMPROVEMENT TAX CREDIT**

The expanded version of **25C**, now called the *Energy Efficient Home Improvement Tax Credit*, provides a **30% credit rate** with an annual cap of \$1,200 for HVAC products that meet the highest non-advanced Consortium for Energy Efficiency (CEE) tier; up to \$600 for qualified air conditioner and furnaces, and up to \$2,000 for qualified heat pumps. Unlike the past version of the program, the expanded 25C tax credit has generous annual limits (not lifetime), meaning that the same customer could benefit from the credit with energy efficient upgrades year after year. This expansion will extend the program out to 2032.

**2. 45L**

**NEW ENERGY EFFICIENT HOME TAX CREDIT**

The increased **45L** tax credit, called the *New Energy Efficient Home Tax Credit*, provides developers and building contractors of new construction single family and manufactured homes up to **\$2,500** tax credit for Energy Star® certified new construction. The expansion also provides an even higher 45L tax credit of **\$5,000** for single family and manufactured homes as outlined by new Department of Energy (DOE) Zero Energy Ready Home requirements. Prevailing wage requirements must be satisfied for multifamily construction for contractors to receive the highest rebate opportunities. This expansion will extend the program out to 2033.

**2023 CEE TIERS**

The CEE announced the new tiers for Residential Electric HVAC going into effect January 1st, 2023. These guidelines will determine which equipment qualifies for the 25C homeowner tax credit. Visit the CEE released content directly here:

- > [CEE Residential Electric HVAC Specification - January 1, 2023](#)
- > [CEE Residential Natural Gas Specification \(Hydronic\) - 2021 - \(unchanged\)](#)

2023 TAX CREDITS

	TIME-FRAME	INTENT	WHO QUALIFIES	INCENTIVE DETAILS	TECHNICAL REQUIREMENTS	ELIGIBILITY
<p><b>1.</b></p> <p>Energy Efficient Home Improvement Tax Credit (25C)</p>	<p>1/1/23 – 12/31/32</p> <p><i>Equipment placed in service.</i></p>	<p>Revision and expansion of the 25C tax credit for energy efficient equipment</p>	<p>Homeowners</p>	<p>30% credit rate with annual cap of \$1,200, with exceptions that favor heat pumps, which have a \$2,000 annual credit limit.</p>	<p>CEE highest efficiency tier (not including any advanced tier) equipment; may include electric or natural gas Heat Pump, central Air Conditioner, natural gas, propane, or oil furnace.</p>	<p>Products must be produced by qualified manufacturers</p>
<p><b>2.</b></p> <p>New Energy Efficient Home Tax Credit (45L)</p>	<p>1/1/23 – 1/1/33</p> <p><i>Homes acquired.</i></p>	<p>To encourage energy-efficient and net-zero ready new construction</p>	<p>Developer and Building Contractors</p>	<p>For Single Family or Manufactured Homes: \$2,500 for Energy Star®</p> <p>\$5,000 for Zero-energy Ready</p> <p>For Multifamily: \$500 for Energy Star® and \$1,000 for Zero-energy Ready (per dwelling unit)</p>		

Breakdown of programs based on Inflation Reduction Act guidance.