

IRS Tax Credits

November 1, 2023

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3.

Inflation Reduction Act – Expanded Income Tax Credit

A) Energy Efficient Home improvement Credit

- 1) Exterior doors (30% of costs up to a credit of \$250 per door, up to a total credit of \$500)**
- 2) Exterior windows and skylights (30% of costs up to \$600 of credit; and**
- 3) Insulation materials or systems and air sealing materials or systems (30% of costs).**
- 4) Home energy audits (30% of costs up to \$600).**

B) Residential Energy Property (30% of costs, including labor, up to \$600 per item).

- 1) Natural gas water heaters**
- 2) Natural gas furnaces and hot water boilers**
- 3) Central air conditioners**
- 4) Improvements to or replacement of panelboards, sub-panelboards, branch circuits, or feeders that are installed along with building envelope components.**

C) Heat Pumps and Biomass Stoves and Biomass Boilers (30% of costs, including labor)

- 1) Natural gas heat pump water heaters**
- 2) Natural gas heat pumps**
- 3) Biomass stoves and biomass boilers**

Dollar Limit on Energy Efficient Home Improvement Credit

- A) Annual dollar limit of \$1,200 of tax credit for category A items above**
- B) \$2,000 annual credit limit for Category B items above**
- C) Overall tax credit limit of \$3,200 for both Category A and Category B**

Other Rules

- A) Credit applies only to homes that are used as personal residences. Second homes are eligible.**
- B) Homes that are used for business purposes as well. Up to 20% business use and still be eligible for the full tax credit.**
- C) Over 20% business use requires tax credit proration**
- D) Credits are non-refundable. They can only offset current year income taxes.**
- E) No lifetime limit on tax credits. Credit expires in 2033.**



Thank You