

Inflation Reduction Act

House Ways and Means

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Overall picture

- \$369 billion in investments in energy and climate change mitigation
- Largely through tax credits and incentive programs
- List of Credits (and guidance on credits) can be found on the IRS Website:
 - <https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>
- Other Helpful Resource – White House Guidebook
 - <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>



List of Credits

Credits for Individuals

From purchasing clean vehicles to making your home more energy efficient, the Inflation Reduction Act of 2022 may have a significant effect on your taxes.

- [Credits for New Electric Vehicles Purchased in 2023 and After](#) (added December 29)
- [Credits for New Clean Vehicles Purchased in 2022 and Before](#) (added December 29)
- [Used Clean Vehicle Credit](#) (added December 29)
- [Energy Efficient Home Improvement Credit](#)
- [Residential Clean Energy Credit](#)



Source: IRS website

List of Credits

Credits and Deductions for Businesses

- Advanced Energy Project Credit
- Advanced Manufacturing Investment Credit
- Advanced Manufacturing Production Credit
- Clean Electricity Investment Credit
- Clean Electricity Production Credit
- Clean Fuel Production Credit
- Clean Hydrogen
- Credit for Carbon Oxide Sequestration
- Credit for Electricity Produced from Certain Renewable Resources
- [Credits for New Clean Vehicles Purchased in 2023 and After](#) (added December 29)
- [Credits for New Electric Vehicles Purchased in 2022 and Before](#) (added December 29)
- [Commercial Clean Vehicle Credit](#) (added December 29)
- Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources
- Energy Credit for Solar and Wind Facilities
- Energy Efficient Commercial Building Deduction
- [Energy Efficient Home Credit](#)
- [Incentives for Biodiesel, Renewable Diesel and Alternative Fuels](#)
- Research Credit against Payroll Tax for Small Businesses
- [Second Generation Biofuel Incentives](#)
- [Sustainable Aviation Fuel Credit](#) (added December 19)
- Zero-Emission Nuclear Power Production Credit

Source: IRS website



Major Homeowner Incentives

- EVs
 - Up to \$7,500 per NEW vehicle through Clean Vehicle Tax Credit, depends on source and manufacturing of materials, vehicle price is capped
 - \$4,000 or 30% of purchase price for used vehicles (whichever is less)
- Electrification
 - HEERA – Point of sale rebates of up to \$14,000 on electrification (heat pumps, hot water heaters, etc.)
- Weatherization
 - HOMES -- Provides rebates of between \$2,000 to \$8,000 depending on income level and energy savings

HEERA = High-Efficiency Electric Home Rebate Act; HOMES = Home Energy Performance-Based, Whole House Rebates



Major Homeowner Tax Credits

- Residential Clean Energy Credit
 - Provides a 30% tax credit for homeowners who install residential cleaner energy systems, including solar, battery storage, and geothermal. Credit reduces to 22% in 2034.
- Energy Efficiency Home Improvement Credit
 - Provides a 30% tax credit for up to \$3,200 in energy efficient upgrades, including heat pumps, insulation, doors and windows, panel upgrades and energy audits. Credit amounts decrease after 2032.



Reach of IRA Incentives

- Many incentives for homeowners have different levels of rebate depending on income,
 - In most cases, full incentives for people earning less than 80% AMI (low income) and reduced incentives for people earning between 80 and 150% AMI (moderate income)
- For example, HEEHRA program covers 100% at low income, 50% at moderate income
- AMI depends on location and number of people in the household
 - \$81,957 in Chittenden County, range is \$65,566 at 80%, \$122,936 at 150%
 - \$48,194 in Essex County, \$38,555 at 80% and \$72,291 at 150%.

AMI = Area Median Income



Other tax changes in the IRA

- Increased funding for the IRS – Additional \$80 Billion
 - May result in some improved compliance in Vermont
 - Depends on where the IRS directs the funds
- Added a corporate minimum tax for corporations with more than \$1 billion in revenue
 - Not likely to impact Vermont Corporate Revenue
- Creates 1% excise tax on the value of stock repurchases

