

The 25C Federal Energy-Efficient Home Improvement Tax Credit



The 25C federal tax credit incentivizes energy efficiency and electrification by lowering the total cost of qualified measures. 25C provides a 30% tax credit—capped at \$3,200 per year—for heat pumps, heat pump water heaters (HPWHs), and select weatherization, building envelope, and electric infrastructure upgrade. The \$3,200 cap resets each year, so the value of the tax credit can be optimized by carefully planning out and staging projects over several years.









How is 25C Calculated?

Apartment owners of condominium management associations or tenant-stockholders in cooperative housing corporations are eligible for the tax credit. The tax credit calculation for apartment owners and tenant-stockholders is based on their proportionate share of project costs paid by the building association or corporation. The maximum amount of tax credit is different for specific building upgrades:

- Air-source heat pumps for space heating/cooling and eligible for a tax credit up to \$2,000 per year.
- All non-heat pump measures are eligible for a combined tax credit up to \$1,200 per year.
- The tax credit has a maximum annual cap of \$3,200, which resets each year and can be used again for subsequent upgrades.

What are 25c's Qualified Measures and \$ Amounts?

- Apartment owners of condos and co-ops are eligible
- 30% tax credit up to \$3,200 per year for energy efficiency and electrification upgrades
- Up to \$2,000 per year for heat pumps and heat pump water heaters
- Up to \$1,200 per year for all other non-heat pump upgrades combined
- Tax credit covers purchase and installation costs for heat pumps, HPWHs, and electric infrastructure upgrades; only covers the purchase costs for all other measures
- To qualify for the tax credit, all equipment and upgrades must meet specified efficiency requirements (*see back*)
- Up to \$600 for electrical upgrades installed alongside a heat pump or HPWH, including:
 - Panelboards, sub-panelboards, branch circuits, feeders installed along with building envelope components or other energy property
- The \$3,200 per year limit resets annually and can be used again for additional upgrades
- Available now and active through 2032
- Tax credit is claimed for the year that the upgrades are placed in service
- The tax credit is nonrefundable, so apartment owners need to have enough tax liability that they can offset with the credit

Measure Requirements	Incentive
 <p>Electric Air Source Heat Pumps Must meet or exceed the highest efficiency tier established by the Consortium for Energy Efficiency (CEE) • CEE Tier 2</p>  <p>Electric Air Source Heat Pump Water Heaters Must meet or exceed the highest efficiency tier established by the Consortium for Energy Efficiency (CEE) • CEE Tier 1</p>	<p>30% up to maximum \$2,000</p>
 <p>Air Sealing & Insulation</p> <ul style="list-style-type: none"> • Any insulation material or air sealing material or system (including any vapor retarder or seal to limit infiltration) that is specifically and primarily designed to reduce the heat loss or gain of your home when installed in or on such home and meets the criteria established by the 2021 IECC • The credit does not require air leakage testing or third-party certification of compliance 	<p>30% up to maximum \$1,200</p>
 <p>Windows Must meet most efficient Energy Star requirements • U-Value = ≤ 0.20 (R-Value = 5) • Solar Heat Gain Coefficient (SHGC) = ≥ 0.40</p>  <p>Skylights Must meet most efficient Energy Star requirements • U-Value = ≤ 0.43 (R-Value = 2.33) • SHGC = ≤ 0.23</p>  <p>Electric Infrastructure Upgrades</p> <ul style="list-style-type: none"> • Must be installed according to the National Electric Code • Must have a load capacity of 200 amps or greater 	<p>30% up to maximum \$600</p>
 <p>Exterior Doors Must meet applicable Energy Star requirements by Glazing Level • Opaque: U-Value = ≤ 0.17 (R-Value = 5.88); SHGC = No Rating • $\leq \frac{1}{2}$-Lite: U-Value = ≤ 0.23 (R-Value = 4.35); SHGC = ≤ 0.23 • $> \frac{1}{2}$-Lite: U-Value = ≤ 0.26 (R-Value = 3.85); SHGC = ≤ 0.40</p>  <p>Sliding Glass Doors Must meet most efficient Energy Star requirements • U-Value = ≤ 0.20 (R-Value = 5) • SHGC = ≤ 0.40</p>	<p>30% up to maximum \$250 per door up to \$500</p>

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