


U.S. Department of the Treasury, IRS Release Guidance to Lower Americans Utility Bills, Increase Energy Efficiency of Homes

September 27, 2023

Energy efficient home credit provides up to \$5,000 to home builders for cost-saving upgrades

Washington, D.C. — As part of the Biden-Harris Administration’s Investing in America agenda, the U.S. Department of the Treasury and the Internal Revenue Service (IRS) today [released guidance](#)  on an important provision of the Inflation Reduction Act that will lower Americans’ utility bills. This program shows the Investing in America agenda in action: lowering energy costs for hardworking families and creating good-paying jobs.

The Inflation Reduction Act extended and enhanced the energy efficient home credit (45L) and allows home builders who construct, reconstruct, or rehabilitate energy efficient homes a tax credit of up to \$5,000 per home. Today’s guidance provides clarity to home builders on the qualifications for the credit.

“President Biden’s Investing in America agenda is focused on reducing costs for Americans, and the Inflation Reduction Act is lowering utility bills by providing increased incentives to make homes more energy efficient,” said **Deputy Secretary of the Treasury Wally Adeyemo**. “Treasury’s guidance provides clarity and certainty to home builders planning construction projects.”

The value of the home builders credit depends on the type of home and the home’s energy efficiency. For multifamily dwelling units, contractors receive the full \$5,000 credit only if construction workers are paid a prevailing wage.


To qualify for the credit, homes must be eligible to participate in certain Energy Star programs and meet applicable energy saving requirements based on home type. For homes acquired in 2023 through 2032, the credit amount ranges from \$500 to \$5,000, depending on whether [Energy Star](#) or [Zero Energy Ready Home](#) program requirements are met. These programs certify the energy efficiency of a home’s appliances, lighting, insulation, and duct systems, as well as whether the home can accommodate heat pumps and electric vehicles. Homes must be certified by a third-party to verify they meet the requirements.

For homes acquired before 2023, the credit amount is \$1,000 or \$2,000, depending on the standards met, which include certifying that the home has an annual level of heating and cooling energy consumption that is at least 50% (or 30% for certain manufactured homes) less than that of a comparable home that meets certain energy standards, with building envelope component improvements accounting for at least 1/5 (or 1/3 for certain manufactured homes) of the reduction.

For a full list of the Treasury Department's work to implement the Inflation Reduction Act, see below:

[August 16, 2022: Treasury Releases Initial Information on Electric Vehicle Tax Credit Under Newly Enacted Inflation Reduction Act](#)

[October 5, 2022: Treasury Seeks Public Input on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#)

[FACT SHEET: Treasury, IRS Open Public Comment on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#) 

[October 26, 2022: READOUT: Stakeholder Roundtable on Clean Power Generation and the Inflation Reduction Act](#)

[October 27, 2022: READOUT: Stakeholder Roundtable on Climate Impact, Equity, and the Inflation Reduction Act](#)

[FACT SHEET: Four ways the Inflation Reduction Act's Tax Incentives Will Support Building an Equitable Clean Energy Economy](#) 

[October 31, 2022: READOUT: Stakeholder Roundtable on Investor Perspectives on Climate Change, Clean Energy, and the Inflation Reduction Act](#)

[November 3, 2022: Treasury Seeks Public Input on Additional Clean Energy Tax Provisions of the Inflation Reduction Act](#)

[November 4, 2022: READOUT: Stakeholder Roundtable on Clean Vehicles and the Inflation Reduction Act](#)

November 29, 2022: Treasury Announces Guidance on Inflation Reduction Act's Strong Labor Protections

December 12, 2022: Treasury and IRS set out procedures for manufacturers, sellers of clean vehicles

December 19, 2022: Treasury, IRS issue guidance on new Sustainable Aviation Fuel Credit

December 22, 2022: IRS releases frequently asked questions about energy efficient home improvements and residential clean energy property credits

January 17, 2023: Remarks by Deputy Secretary of the Treasury Wally Adeyemo at White House event "Lowering Costs: Inflation Reduction Act Briefing"

January 29, 2023: Statement from Deputy Secretary of the Treasury Wally Adeyemo on Implementation of Strong Inflation Reduction Act Worker Protections

February 3, 2023: Treasury Updates Vehicle Classification Standard for Clean Vehicle Tax Credits Under Inflation Reduction Act

February 13, 2023: Treasury, Energy Release Guidance on Inflation Reduction Act Programs to Incentivize Investments in Underserved Communities, Hard-Hit Coal Communities

March 22, 2023: Remarks by Assistant Secretary for Tax Policy Lily Batchelder on Implementation of the Inflation Reduction Act's Clean Energy Provisions

March 31, 2023: Treasury Releases Proposed Guidance on New Clean Vehicle Credit to Lower Costs for Consumers, Build U.S. Industrial Base, Strengthen Supply Chains

April 4, 2023: Treasury Releases Guidance to Drive Investment to Coal Communities

April 14, 2023: READOUT: Treasury Convenes Roundtable Discussion on Inflation Reduction Act Incentives for Underserved Communities

April 27, 2023: READOUT: Treasury Department Convenes Roundtable Discussion on Inflation Reduction Act Incentives for Underserved Communities

May 12, 2023: Treasury Department Releases Guidance to Boost American Clean Energy Manufacturing

May 31, 2023: U.S. Departments of Treasury and Energy Release Additional Guidance on Inflation Reduction Act Programs to Incentivize Manufacturing and Clean Energy Investments in Hard-Hit Coal Communities

June 14, 2023: U.S. Department of the Treasury, IRS Release Guidance on Provisions to Expand Reach of Clean Energy Tax Credits Through President Biden's Investing in America Agenda

June 15, 2023: U.S. Department of the Treasury, IRS Release Updated Guidance to Drive Additional Investment to Energy Communities

August 4, 2023: Home energy audits may qualify for an Energy Efficient Home Improvement Credit

August 7, 2023: IRS: Builders of qualified new energy efficient homes might qualify for an expanded tax credit under Section 45L

August 10, 2023: U.S. Department of the Treasury, IRS Release Final Rules and Guidance on Investing in America Program to Spur Clean Energy Investments in Underserved Communities

August 29, 2023: U.S. Department of the Treasury, IRS Release Guidance on Inflation Reduction Act Provision to Ensure Good-Paying Clean Energy Jobs, Expand Clean Energy Workforce

September 27, 2023: U.S. Department of the Treasury, U.S. Department of Energy, IRS Announce Date for Opening of Applications for Investing in America Program to Spur Clean Energy Investments in Underserved Communities

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