

Tax Alerts

IRS: Home Improvements Could Help Taxpayers Qualify for Home Energy Credits

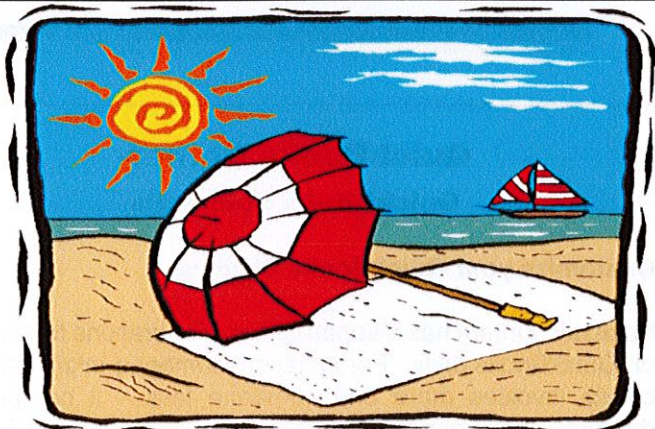
The IRS reminds taxpayers that making certain energy efficient updates to their homes could qualify them for home energy credits.

What taxpayers need to know:

Taxpayers can claim the Energy Efficient Home Improvement Credit and the Residential Clean Energy Credit for the year the qualifying expenditures are made.

Homeowners who improve their primary residence will find the most opportunities to claim a credit for qualifying expenses. Renters may also be able to claim credits, as well as owners of second homes used as residences. Landlords cannot claim this credit.

IRS encourages taxpayers to review all requirements and qualifications at [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy) for energy efficient equipment prior to purchasing. Additional information is available on [energy.gov](https://www.energy.gov), which compares the credit amounts for tax year 2022 and tax years 2023-2032.



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Energy Efficient Home Improvement Credit

Taxpayers that make qualified energy-efficient improvements to their home, may qualify for a tax credit up to \$3,200.

The credit equals 30% of certain qualified expenses:

- Qualified energy efficiency improvements installed during the year can include things like:
 - Exterior doors, windows and skylights.
 - Insulation & air sealing materials or systems.
- Residential energy property expenses such as:
 - Natural gas, propane or oil water heaters.
 - Natural gas, propane or oil furnaces and hot water boilers.
- Heat pumps, water heaters, biomass stoves and boilers.
- Home energy audits of a main home.

The maximum credit that can be claimed each year is:

- \$1,200 for energy property costs and certain energy efficient home improvements, with limits on doors (\$250 per door and \$500 total), windows (\$600) and home energy audits (\$150).
- \$2,000 per year for qualified heat pumps, biomass stoves or biomass boilers.

The credit is nonrefundable which means taxpayers cannot get back more from the credit than what is owed in taxes and any excess credit cannot be carried to future tax years.

Residential Clean Energy Credit

Taxpayers who invest in energy improvements for their main home, including solar, wind, geothermal, fuel cells or battery storage, may qualify for an annual residential clean energy tax credit.

The Residential Clean Energy Credit equals 30% of the costs of new, qualified clean energy property for a home in the United States installed anytime from now through 2032.

Qualified expenses include the costs of new, clean energy equipment including:

- Solar electric panels.
- Solar water heaters.
- Wind turbines.
- Geothermal heat pumps.
- Fuel cells.
- Battery storage technology (beginning in 2023).

Clean energy equipment must meet the following standards to qualify for the Residential Clean Energy Credit:

- Solar water heaters must be certified by the Solar Rating Certification Corporation or a comparable entity endorsed by the applicable state.
- Geothermal heat pumps must meet Energy Star requirements in effect at the time of purchase.
- Battery storage technology must have a capacity of at least 3 kilowatt hours.

This has no annual or lifetime dollar limit except for fuel cell property. Taxpayers can claim this credit every year they install eligible property before January 1, 2033.

This is a nonrefundable credit, which means the credit amount received cannot exceed the amount owed in tax. Taxpayers can carry forward excess unused credit and apply it to any tax owed in future years.

Additional information is available at IRS.gov on **qualifying residences** and information for taxpayers who also use their homes for a business. This credit must be claimed for tax year when the property is installed, not just purchased.

Good recordkeeping

Taxpayers are encouraged to keep good records of purchases and expenses. This will assist in claiming the applicable credit during tax filing season. ♦

5 Tips for Gaining Control of Your Finances

- Define monthly budget
- Take control of your debt
- Create an emergency fund
- Prioritize retirement savings
- Create a long-term financial plan

To discuss any of these items, please contact:

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SUMMER OFFICE HOURS

The office will be open Monday thru Thursday 8:00am – 4:00pm. and Friday 8:00a.m.- noon.

Please call 586-254-2010 prior to coming into the office. ♦

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QuickBooks Corner- QuickBooks Shortcuts

Customize your QuickBooks Window

Each accountant has a separate set of operations to perform on QuickBooks daily. For instance, someone might have to create invoices more and someone less – it completely depends upon your client's requirements. Your QuickBooks should be customized to your needs. Some of the common customizations that you should definitely try are:

Icon Bar Arrangement – You can customize which link appears in the icon bar. As per your requirements, you can add, remove, or modify the icon bar. The features that you are going to use often can be marked as your favorite.

If you have any questions, please call our office.♦