

ATLANTA SERVICES LLC

www.atalantaservices.com | 520-326-5075

5151 E. Broadway, Suite 1600 Tucson, AZ 85711
2440 E. 6th Street Tucson, AZ 85719

Residential energy efficient property credits

Installing equipment such as solar panels, solar hot water heaters, certain wind turbines and fuel cells may be an effective way for you to lower your utility bill and potentially save on your taxes. The Inflation Reduction Act of 2022 expanded on the tax incentives.

- Projects that began construction before 2025 (2035 if geothermal property) and are placed in service after 2021 are eligible for a 30% credit. There is no longer a phase-out provision in place.
- For projects placed in service in 2021 or earlier, prior rules remain in place, and the credit is reduced to 26%. And for projects placed in service after 2024, a similar credit remains with a few new stipulations.
- You'll need to have the manufacturer's statement that certifies that the components meet the requirements.

In addition to federal tax credits, state programs for renewable energy and energy efficiency, which exist across a wide range of technology types, are also available and can offer significant tax saving opportunities. Regardless of potential tax credits, improvements that add to the value of your home and prolong its useful life can get added to the basis of your home. With housing prices soaring, you may need that increased basis to decrease a potential taxable gain later.

Energy provisions for businesses

There are also many incentives to encourage businesses to decrease their carbon footprint and become more environmentally sustainable. When certain criteria are met, businesses may be able to claim tax credits for items such as:

- Electricity produced from certain renewable sources (including geothermal, solar and wind facilities)

- Energy efficient home improvements (for eligible contractors and manufactured home manufacturers)
- Carbon oxide sequestration
- Zero-emission nuclear power production
- Alternate fuels

Clean vehicle tax credits

Fully electric vehicles have come a long way since they first came to the modern market — now offering sportier models, more efficient batteries and faster charge times — allowing you to travel farther on one single charge. These “go-green” vehicles don’t use gas-powered engines, allowing you to save potentially thousands of dollars each year on gas alone. And with the Infrastructure Investment and Jobs Act allocation of \$7.5 billion to states and local governments to help increase public charging station availability nationwide, consumers should find it easier to adopt energy efficient cars.

In addition, you may qualify for a tax credit. Though there were some changes to the credit as a result of the Inflation Reduction Act of 2022, the maximum amount of the credit remains \$7,500. To claim the credit, several criteria must be met, such as the vehicle must draw propulsion energy from a battery with at least five kilowatt hours of capacity, and your income must fall under a certain threshold (i.e., \$150,000 for single filers, \$300,000 for joint filers and \$225,000 for heads of households). And for new vehicles sold after Aug. 16, 2022, only vehicles whose final assembly is in North America will qualify.

[IRS.gov provides an index of manufacturers](#) to help you determine if a particular brand and model year qualifies for the tax benefit. The [Department of Energy provides a list of model year 2022 and early model year 2023 electric vehicles](#) that meet the final assembly requirement. And keep in mind that beginning with vehicles acquired after 2023, purchasers may transfer the credit to the dealer (meaning the credit could be applied to lower your cash outlay for the car rather than waiting to receive the benefit when you file your tax return).

There is also a new 30% credit, up to a \$4,000 maximum, for taxpayers who buy a qualifying used “clean vehicle” after 2022 and before 2032. To qualify, however, your modified adjusted

gross income must be under a certain threshold (i.e., under \$75,000 for single filers, \$150,000 for joint filers and \$112,500 for heads of household).

Note that there are also price caps that apply to both the new and used vehicle credits. For new cars, the credit is not allowed for cars with a manufacturer's suggested retail price over \$55,000 or for vans, SUVs or pickup trucks with a manufacturer's suggested retail price over \$80,000.

The sales price for any used vehicle must be \$25,000 or less.