

EARNING TAX CREDITS FOR ENERGY-EFFICIENT SINGLE-FAMILY NEW CONSTRUCTION

Builders of new or substantially reconstructed homes meeting energy efficiency requirements can receive a tax credit of up to \$5,000 per home under the 45L energy-efficient home credit.

The 2022 Inflation Reduction Act (IRA) extended this credit, which had previously expired, to cover qualified new energy-efficient homes sold or leased through 2032. The IRA also increased the credit and modified the requirements.

Credit Tiers: ENERGY STAR® and Zero Energy Ready Homes

There is a base credit amount for homes that meet the applicable ENERGY STAR requirements, and a higher credit amount for homes that are also certified as Zero Energy Ready under the Department of Energy's Zero Energy Ready Home program (ZERH).

For single-family homes sold or leased from 2023 to 2032:

- \$2,500 credit for a residential new construction that meets the respective ENERGY STAR single-family or manufactured home requirements.
- \$5,000 credit for a site-built or manufactured home that meets ENERGY STAR requirements and is certified to the applicable ZERH program requirements.

These credits are available to the builder in the year the home is sold or leased to another person for use as a residence.

Guidelines and Instructions

- Overview of ENERGY STAR Residential New Construction program requirements
- Overview of the Zero Energy Ready Home program and how it relates to the 45L New Energy Efficient Home Tax Credit
- Instructions from the IRS on how to claim your credits.

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