

Planning Ahead 2024:

Tax credits and rebates for energy-efficient purchases and improvements



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The government offers a variety of tax credits for different purchases, home upgrades, and expenses; start planning any large purchases this year early by understanding how to make the most of your expenditures from a tax perspective. Here, Senior Wealth Strategist Glen Goland, JD, CFP®, outlines some tax credits and rebates for energy efficiency.

Clean Vehicle Credits

There are tax credits available for a variety of new vehicle purchases. A new plug-in electric vehicle or fuel cell vehicle could qualify for as much as a \$7,500 tax credit — there are restrictions and income limits. Visit [here](#) to learn more. Starting in 2023, used vehicles might also qualify for a clean vehicle tax credit of up to 30% of the sale price. Click [here](#) for information on qualifications.

Businesses can also get a tax break for buying commercial vehicles that qualify. The tax credit ranges and can be as much as \$40,000 per vehicle, with no limit as to the number of vehicles that can be claimed; find out more [here](#).

Home Energy Credits

The Inflation Reduction Act of 2022 expanded the home energy tax credits available to homeowners and renters who make energy improvements to their primary residence. There are two types of home energy tax credits:

Energy Efficient Home Improvement Credit: This is available if you make improvements and incur expenses related to doors and windows; furnaces, air conditioners, and heat pumps; biomass stoves and boilers; and home energy audits. The credit is 30% of qualified expenses, up to \$1,200 or \$2,000, depending on the type of expense.

Residential Clean Energy Credit: Expenses related to solar, wind, and geothermal power generation; solar water heaters; fuel cells; or battery storage could qualify for a 30% tax credit in the year you incur the expense. This will drop to 26% in 2032, and then to 24% in 2034.

You can find more information on home energy credits [here](#).

Other Credits

If you own commercial buildings and install energy efficient systems in the lighting, heating, cooling, ventilation, and water systems of the building, you may qualify to deduct as much as the full cost of the upgrade; more [here](#). Home build-



ers can also earn a tax credit of up to \$5,000 per home for building energy-efficient homes; learn more [here](#).

The Rehabilitation Credit — also known as the historic preservation or historic tax credit — is available for those who renovate, restore, or reconstruct historic buildings, and may be as much as 20% of qualified expenses.

Advanced Energy Project Credit

The IRS, Department of the Treasury, and Department of Energy (DOE) partnered to offer this tax credit for investments in advanced energy projects. It started in 2009, but was greatly expanded by the Inflation Reduction Act of 2022, with an additional \$10 billion investment. You can find more information about this unique tax credit at the DOE website [here](#).

State Tax Credits and Rebates

In addition to federal tax credits, many local and state governments offer credits and rebates for clean energy purchases. Oregon offers [rebates for EVs](#), though applicants are currently on a waitlist for when the program receives more funding. Oregon also offers incentive programs for [installing a solar electric system](#) and for [rebuilding energy efficient homes and buildings after wildfire damage](#). For landlords, Oregon provides rebates and grants for installing heat pumps in rental units. Check your state and city for any incentives they may be offering for energy efficient improvements.

