



Understanding tax savings of the 25C Tax Credit

On August 16, 2022, the U.S. government signed into law the Inflation Reduction Act (IRA) in an effort to reduce greenhouse gas (GHG) emissions by 40% by 2030. The most meaningful impact to HVAC is the Energy Efficient Home Improvement Tax Credit (25C). Through the IRA, you will have access to cost-saving options when purchasing energy-efficient and electric appliances or making home improvements to electrify your home or increase its energy efficiency through these programs.

What is it?	Tax Credit Amount	Eligible HVAC Products
<ul style="list-style-type: none"> The 25C tax credit was amended for 2023 and will remain effective until December 31, 2032. Amendments include: <ul style="list-style-type: none"> 30% of cost up to \$600 (or \$2,000 for Heat Pumps) Gas furnace and air conditioner can be combined for a total credit up to \$1,200 Qualifying units meet or exceed the highest CEE efficiency tier that is not the advanced tier. 	Up to \$2,000	Heat Pumps <small>(includes split ducted, split non-ducted, and packaged)</small>
	Up to \$600 Each Total limit of \$1,200 annually per household	Air Conditioners
		Gas Furnaces
		Packaged Units
	Up to \$3,200 annually	Total Credit

Determine Your Eligibility

There are some limitations for homeowners applying for either a tax credit or on their heating and cooling installation or upgrade. Consult an experienced tax professional prior to applying for either the tax credit or rebate to ensure your equipment qualifies.



Scan or click the QR code to find qualifying products.

How You Can Take Advantage

Learn about our lineup of innovative, energy-efficient home comfort solutions that qualify for these programs.



Scan or click the QR code to find your local Lennox Dealer.

Answers to Common Questions

What is the 25C Tax Credit?

The Energy Efficient Home Improvement Credit (25C) incentivizes electrification and energy efficiency by lowering the total cost of qualified electric products.

What is the difference between the 25C Tax Credit in 2022 and 2023?

The previous Nonbusiness Energy Property credit (25) for installing high efficiency equipment was extended through 2022 and provided federal tax credits of up to \$500. The amended Energy Efficient Home Improvement Credit (25C) began in 2023 and extends through 2032. It increases the tax credit limits for high-efficiency equipment. Also beginning in 2023, there is no lifetime limit and taxpayers can qualify each calendar year with a qualifying purchase.

How does a homeowner receive the 25C tax credit?

Those who have purchased and installed qualifying equipment can claim the tax credit when filing taxes with the IRS using the Residential Energy Credits tax form (form 5695). When filing in 2025, a unique identification number will be required. Details of this "unique identification number" requirement are still pending.



Scan or click the QR code for updates or contact your tax advisor for more information.

Can a taxpayer claim the 25C credit for expenditures incurred on an existing home? What about a newly constructed home?

Taxpayers who have purchased and installed qualified products as a renovation or addition to an existing home can claim the 25C tax credit. Newly constructed homes are not eligible for the 25C tax credit.

Does the 25C tax credit require taxpayers to have a tax liability to receive the credit?

Yes – The 25C credit is a nonrefundable personal tax credit. A taxpayer claiming a nonrefundable credit can only use it to decrease or eliminate a tax liability. A taxpayer will not receive a tax refund for any amount that exceeds the taxpayer's tax liability for the year.

Can the 25C tax credit be rolled over to the next year?

No – A taxpayer may not carry forward the 25C credit. Thus, if a taxpayer cannot claim all or a portion of the credit in the year in which the related expenditure is treated as made, the unused amount of the credit will expire.

Where can I find additional information?

Scan or click the QR code to read more frequently asked questions.



Scan or click the QR code to learn more.

Lennox Industries Inc. ("Lennox") is not acting in the capacity of a legal or tax advisor and does not make any representation, warranty, guarantee or other assurance as to whether a particular matchup qualifies or is eligible for a tax credit or rebate. This document has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, tax or legal advice. The IRS, DOE and state energy offices are responsible for the implementation and administration of tax credits/rebates. There are important requirements and limitations for the homeowner to qualify for tax credits/rebates. Moreover, the laws are subject to change. As a result, Lennox highly recommends that you consult with a tax advisor or attorney regarding your qualification for a tax credit/rebate in your particular circumstance and verify and review the applicable laws and regulations. Lennox expressly disclaims all liability for damages of any kind arising out of a homeowner's claim for a tax credit/rebate. This information is subject to change without notice.