

IRA FAQs

45L

Q: When does this program begin?

A: The 45L tax credit is currently funded. For 2022, homebuilders can receive a \$2,000 tax credit for any home that is over 50% more efficient than the 2006 International Energy Conservation Code® (IECC®)

New requirements for the 45L tax credit become effective on January 1, 2023. The enhancements will provide a \$2,500 tax credit for homes built to Energy Star 3.1.11 and a \$5,000 tax credit for homes built to the DOE Zero Energy Ready Homes program (DOE ZERH 1.7)

Q: When does this program expire?

A: The 45L tax credit is funded through December 31, 2032.

Q: How do I file for the tax credit?

A: Via year-end tax filing

Q: What documents do I need to file?

A: Homebuilders can apply for the 45L tax credit by filling out IRS Form 8908, Energy Efficient Home Credit, while doing their federal tax return. For information about Form 8908 or to find the actual form, visit: <https://www.irs.gov/forms-pubs/about-form-8908>. *Note: This information is subject to change as the IRS issues new guidance.*

Q: How do I know if my homes comply with the 45L provision?

A: By partnering with Energy Star, a rater will verify your home meets either Energy Star 3.1.11 or Department of Energy ZEHR

Q: Who certifies I have earned this credit? / How do I get certification?

A: You will need to contact a local energy rater. <https://www.resnet.us/>

Q: How do I become an Energy Star New Construction Partner?

A: This website brings you directly to the application process:
https://www.energystar.gov/partner_resources/join_energy_star/new_home_construction

Q: How does spray foam insulation help me qualify for this tax credit?

A: Spray foam is an industry-leading building solution that seals and insulates in one application. There are several ways using spray foam insulation can qualify. Here are just a couple:

- Provides for air seal, insulation, and a Grade 1 install
- Unvented Attic (UVA) application keeps ducts in conditioned space (Energy Star 3.2)

Q: How much can I receive in tax credit?

A: Energy Star 3.1.11 = \$2500 per single-family detached home and \$500 per multifamily unit
DoE ZEHR 1.7 = \$5000 per single-family detached home and \$1000 per multifamily unit

Q: How does spray foam assist in acquiring the ZERH credit?

A:

- “Checks the box” for air seal, insulation, and a Grade 1 install
- Unvented attic (UVA) application assures that the HVAC and duct system stays within the thermal and air barrier boundary
- Spray foam creates a tighter building envelope to assure that homes meet blower door requirements

25c/EEHIC

Q: When does this program begin?

A: January 1, 2023

- The 25C tax credit is currently funded. For 2022, homeowners can receive a 10% or \$500 (whichever is lower) tax credit for qualifying home energy efficiency upgrades like insulation.
- New requirements for the 25C tax credit become effective on January 1, 2023. The enhancements will provide a 30% or \$1,200 (whichever is lower) tax credit for qualifying home energy efficiency upgrades that comply with the 2021 International Energy Conservation Code® (IECC®).

Q: When does the EEHIC program expire?

A: The 25C tax credit is funded through December 31, 2032.

Q: Can I apply for more than one tax credit incentive?

A: You can apply for a tax credit of 30% of the cost for any energy-efficient home improvement (capped at \$1200 per year) every year during the term of the incentive

Q: How do I file for the tax credit?

A: Homeowners can apply for the 25C tax credit by filling out IRS Form 5695, Residential Energy Credits, while doing their federal tax return. For information about Form 5695 or to find the actual form, visit: www.irs.gov/forms-pubs/about-form-5695. *Note: This information is subject to change as the IRS issues new guidance.*

Q: How does spray foam insulation help me qualify for this tax credit?

A: When applied correctly by one of our authorized contractors, spray foam insulation can help reduce monthly heating and cooling costs by up to 50%, thus it is viewed as an energy-efficient application. The benefits of spray foam assure that your home meets the 2021 energy code to qualify for the tax credit.

Q: What documents can I expect to receive from my contractor?

A: You should documentation that verifies your project meets the requirements to qualify for tax credit. Click on this link for the form HBS created for this purpose.

Q: What documents do I need to file for the tax credit?

A: The IRS currently requires IRS Form 5695. HBS recommends keeping a copy of your invoice. The recent changes require the IRS to issue new guidance. Requirements may change over the next 12 months.

Q: How much can I receive in tax credit?

A: Up to \$1200 once per year per energy-efficient application for the duration of the program

Q: Where can I find a contractor to install spray foam insulation in my home?

A: Click on the following link to find an HBS authorized spray foam contractor in your area:
<https://go.pardot.com/l/305691/2022-09-12/2fxmyv>

Q: Do open- and closed-cell spray foams qualify?

A: All spray foam insulation, when installed properly, “Checks the box” as an air seal and insulator allowing you to meet the 2021 energy code requirement.

Q: Should I remove my existing traditional insulation before installing spray foam?

A: Yes. As an air seal, spray foam will change the thermal envelope which will encapsulate your existing traditional insulation. Traditional insulation, over time, acts as a filter collecting various amounts of debris thus the reason it should be removed.

Q: Can I remain in my home when spray foam insulation is being installed?

A: No. People, other than the installers, and pets should not be in your home during installation. A time to re-occupy your home will be based on proper ventilation during installation. Refer to your authorized contractor at the time of installation for a re-occupancy time.

Q: Can spray foam work together with other energy-efficient upgrades?

A: Absolutely. Using spray foam insulation will work with your building envelope and mechanicals improve energy efficiency. HBS spray foam insulation can reduce a home’s energy bills by up to 50%, allowing HVAC and solar systems to work more effectively.