



# THE INFLATION REDUCTION ACT:

## The Latest HVAC Updates

As part of the Inflation Reduction Act (IRA), enhanced tax incentives (25C) and a new state administrated point-of-sale rebate program (HEEHRP) will encourage homeowners to upgrade HVAC systems with heat pumps and high-efficiency air conditioners and furnaces.

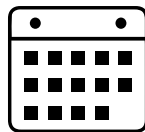
### What Is New For 2023: Energy Efficient Home Improvement Credit (25C)

VALUABLE AND LONG-TERM

**TAX CREDIT EXTENSION**



Up to \$2,000 tax credit for eligible heat pumps



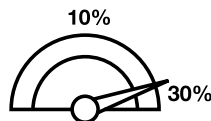
Effective January 1, 2023, through December 31, 2032



Not limited to primary residences



No income requirements



Increases the percentage of the credit from 10 to 30% of equipment & installation cost



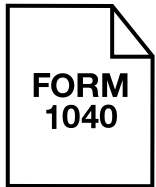
No lifetime tax credit cap

# QUALIFICATIONS



## Split Heat Pumps:

Meet or exceed CEE highest efficiency tier (excluding advanced tier)



## To Qualify, Homeowners Must Owe Taxes

Tax credit offsets federal taxes owed

# WHAT IS CEE?

The Consortium of Energy Efficiency (CEE) is a network of gas and electric efficiency program administrators and sets CEE product tiers to differentiate highly-efficient HVAC equipment for incentive and promotion programs.

EQUIPMENT ELIGIBLE FOR THE

# ENERGY EFFICIENT HOME IMPROVEMENT (25C) TAX CREDIT

*IMPORTANT: Listed eligible models are based on CEE Tier Guidance as of 4/27/23.<sup>1</sup>*

## North<sup>2</sup>

### Split Ducted Heat Pumps<sup>5</sup>

- Qualifications (CEE Tier 1):  
≥ 15.2 SEER2, ≥ 10.0 EER2, ≥ 8.1 HSPF2,  
≥ 1.75 COP @ 5°F, ≥ 58% @17°F/47°F  
or ≥ 70% @5°F/47°F

### Split Non-Ducted Heat Pumps<sup>5</sup>

- Qualifications (CEE Tier 2):  
≥ 16 SEER2, ≥ 9.0 EER2, ≥ 9.5 HSPF2,  
≥ 1.75 COP @ 5°F, ≥ 58% @17°F/47°F  
or ≥ 70% @5°F/47°F

## South (Southeast<sup>3</sup>/Southwest<sup>4</sup>)

### Split Ducted Heat Pumps<sup>5</sup>

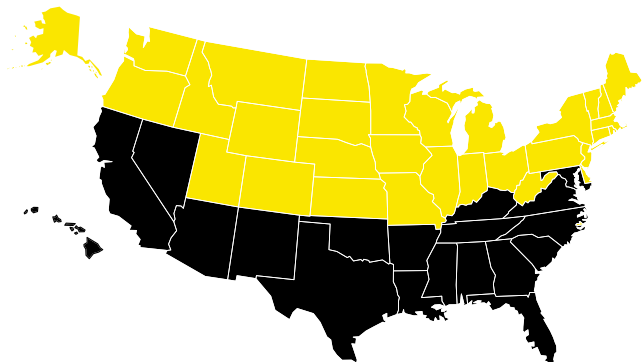
- Qualifications (CEE Tier 1):  
≥ 15.2 SEER2, ≥ 11.7 EER2, ≥ 7.8 HSPF2

### Split Non-Ducted Heat Pumps<sup>5</sup>

- Qualifications (CEE Tier 2):  
≥ 16 SEER2, ≥ 12.0 EER2, ≥ 9.0 HSPF2

North 

South 



## Single Zone Ductless:

	Outdoor	Indoor	North Qualified	South Qualified
<b>Standard Outdoor Unit</b>	DRA1U09S1B	DRAW06F1B	Yes	Yes
	DRA1U09S1B	DRAW09F1B	Yes	Yes
	DRA1U12S1B	DRAW12F1B	Yes	Yes
	DRA1U18S1B	DRAW18F1B	Yes	Yes
	DRA1U24S1B	DRAW24F1B	<b>No</b>	<b>No</b>
	DRA1U09S1B	DRAC09F1A	Yes	Yes
	DRA1U12S1B	DRAC12F1A	Yes	Yes
	DRA1U18S1B	DRAC18F1A	Yes	Yes
	DRA1U24S1B	DRAC24F1B	Yes	Yes
	DRA1U09S1B	DRAL06F1A	Yes	Yes
	DRA1U09S1B	DRAL09F1A	Yes	Yes
	DRA1U12S1B	DRAL12F1A	Yes	Yes
	DRA1U18S1B	DRAL18F1A	Yes	Yes
	DRA1U12S1B	DRAS12F1B	<b>No</b>	Yes
	DRA1U18S1B	DRAF18F1A	Yes	Yes
	DRA1U24S1B	DRAF24F1A	Yes	Yes
<b>Sirius Heat™ Outdoor Unit</b>	DRA1H09S1A	DRAW09F1B	Yes	Yes
	DRA1H12S1A	DRAW12F1B	Yes	Yes
	DRA1H18S1A	DRAW18F1B	Yes	Yes
	DRA1H24S1A	DRAW24F1B	Yes	Yes
	DRA1H33S1A	DRAW33F1B	Yes	Yes
	DRA1H09S1A	DRAC09F1A	Yes	Yes
	DRA1H12S1A	DRAC12F1A	Yes	Yes
	DRA1H18S1A	DRAC18F1A	Yes	Yes
	DRA1H24S1A	DRAC24F1B	Yes	<b>No</b>
	DRA1H09S1A	DRAL09F1A	Yes	Yes
	DRA1H12S1A	DRAL12F1A	Yes	Yes
	DRA1H18S1A	DRAL18F1A	Yes	Yes
	DRA1H12S1A	DRAS12F1B	<b>No</b>	Yes
	DRA1H18S1A	DRAF18F1A	Yes	Yes
	DRA1H24S1A	DRAF24F1A	Yes	Yes

## Single Zone Ducted:

	Outdoor	Indoor	North Qualified	South Qualified
<b>Standard Outdoor Unit</b>	DRA1U09S1B	DRAD09F1A	Yes	Yes
	DRA1U12S1B	DRAD12F1A	Yes	Yes
	DRA1U18S1B	DRAD18F1A	Yes	Yes
	DRA1U24S1B	DRAD24F1A	Yes	Yes
	DRA1U18S1B	DRAM18F1A	Yes	Yes
	DRA1U24S1B	DRAM24F1A	Yes	Yes
	DRA1U30S1A	DRAM30S1A	<b>No</b>	<b>No</b>
	DRA1U36S1A	DRAM36S1A	<b>No</b>	<b>No</b>
	DRA1U48S1A	DRAM48S1A	<b>No</b>	<b>No</b>
	DRA1U60S1A	DRAM60S1A	<b>No</b>	<b>No</b>
<b>Sirius Heat™ Outdoor Unit</b>	DRA1H09S1A	DRAD09F1A	Yes	Yes
	DRA1H12S1A	DRAD12F1A	Yes	Yes
	DRA1H18S1A	DRAD18F1A	Yes	Yes
	DRA1H24S1A	DRAD24F1A	Yes	Yes
	DRA1H18S1A	DRAM18F1A	Yes	Yes
	DRA1H24S1A	DRAM24F1A	Yes	Yes

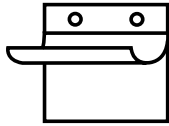
## Multi-zone:

	Outdoor	Indoor	North Qualified	South Qualified
<b>Standard Outdoor Unit</b>	DRA2U18M1B	Non-Ducted	Yes	Yes
	DRA2U18M1B	Ducted	Yes	Yes
	DRA2U18M1B	Mixed	Yes	Yes
	DRA3U28M1B	Non-Ducted	<b>No</b>	Yes
	DRA3U28M1B	Ducted	Yes	Yes
	DRA3U28M1B	Mixed	<b>No</b>	Yes
	DRA4U36M1B	Non-Ducted	Yes	<b>No</b>
	DRA4U36M1B	Ducted	<b>No</b>	<b>No</b>
	DRA4U36M1B	Mixed	<b>No</b>	<b>No</b>
	DRA5U48M1B	Non-Ducted	Yes	<b>No</b>
	DRA5U48M1B	Ducted	<b>No</b>	<b>No</b>
	DRA5U48M1B	Mixed	<b>No</b>	<b>No</b>
	DRA5U55M1B	Non-Ducted	Yes	<b>No</b>
	DRA5U55M1B	Ducted	<b>No</b>	<b>No</b>
	DRA5U55M1B	Mixed	<b>No</b>	<b>No</b>
	<b>Sirius Heat™ Outdoor Unit</b>	DRA2H18M1A	Non-Ducted	<b>No</b>
DRA2H18M1A		Ducted	Yes	Yes
DRA2H18M1A		Mixed	<b>No</b>	Yes
DRA3H28M1A		Non-Ducted	Yes	<b>No</b>
DRA3H28M1A		Ducted	Yes	Yes
DRA3H28M1A		Mixed	Yes	<b>No</b>
DRA4H36M1A		Non-Ducted	Yes	Yes
DRA4H36M1A		Ducted	<b>No</b>	Yes
DRA4H36M1A		Mixed	<b>No</b>	Yes
DRA5H48M1A		Non-Ducted	Yes	<b>No</b>
DRA5H48M1A		Ducted	Yes	Yes
DRA5H48M1A		Mixed	Yes	<b>No</b>
DRA5H55M1A		Non-Ducted	Yes	<b>No</b>
DRA5H55M1A		Ducted	Yes	<b>No</b>
DRA5H55M1A		Mixed	Yes	<b>No</b>

## HIGH EFFICIENCY ELECTRIC HOME

# REBATE PROGRAM (HEEHRP)

Program launch is expected no sooner than Q4 2023 / Q1 2024.



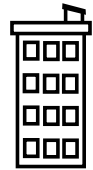
Funds apportioned to states based on population formula.



Eligible heat pumps systems are ENERGY STAR® certified.



States could contract rebate function to 3rd parties for multifamily customers for installation of electrification equipment.



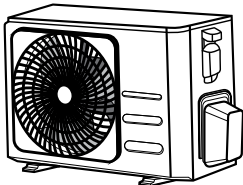
## AVAILABLE

# REBATES BASED ON INCOME

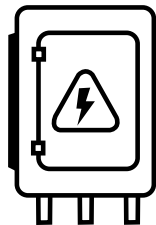
Use the following tool to help look up the median income in your area:

<https://ami-lookup-tool.fanniemae.com/amilookuptool/>

### <80% of Area Median Income



Up to \$8,000 for air source heat pumps

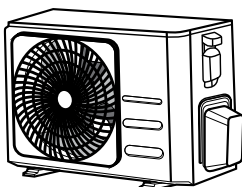


Up to \$4,000 for panel replacement

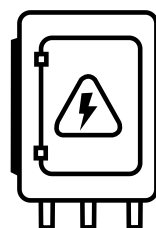


Up to \$14,000 per household

### 80–150% of Area Median Income



Up to \$4,000 for air source heat pumps



Up to \$2,000 for panel replacement



Up to \$7,000 per household

## FREQUENTLY ASKED QUESTIONS

# UPDATED

**New IRS issued FAQs – [Click Here](#)**

**Q: Is the \$2,000 Tax Credit for a Heat Pump system conditioned on replacing a central air conditioner and furnace?**

A: No, replacement systems are eligible and consumers who chose to replace an existing heat pump with a new heat pump can claim the credit.

**Q: When will the High Efficiency Electric Home Rebate Program Launch?**

A: The Department of Energy is expected to issue rebate program rules in Q2 2023 and we expect the states to set up rebate programs for state constituent participation in Q3 and Q4 of 2023.

**Q: Can a customer claim both a High Energy Efficient Home Improvement Tax Credit and a rebate through the High Efficiency Electric Home Rebate Program?**

A: There is no statutory prohibition on a customer claiming both a credit and rebate, but the U.S. Treasury Department must issue final implementing rules on incentive layering and we will provide additional details in Q1 2023.

<sup>1</sup> After 1/1/2023, visit [ahridirectory.org](http://ahridirectory.org) to obtain an AHRI certificate with the system combinations efficiency ratings to confirm tax credit qualifications.

<sup>2</sup> North states include: Alaska, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, West Virginia Wisconsin, and Wyoming.

<sup>3</sup> Southeast states include: Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia, U.S. Territories.

<sup>4</sup> Southwest states include: Arizona, California, Nevada, and New Mexico.

<sup>5</sup> The models qualify only when installed as part of a matched system combination that meet 2023 ENERGY STAR® criteria.