

INFLATION REDUCTION ACT 2022

Energy Efficient Home Improvement Credit:

- Nonbusiness Energy Property Credit was extended through 2032
 - Credit will be equal to 30% of the costs of all eligible home improvements made during the year
 - The \$500 lifetime limit on the total credit amount will be replaced with a \$1,200 annual limit
 - Annual limits for specific types of qualifying improvements will be:
 - \$150 for home energy audits
 - \$250 for any exterior door (\$500 total) that meet applicable Energy Star requirements
 - \$600 for exterior windows and skylights that meet Energy star most efficient certification requirements
 - \$600 for other qualified energy property (includes central air conditioners; electric panels and certain related equipment; natural gas, propane, or oil heaters; oil furnaces; water boilers
 - \$2,000 for heat pump and heat pump water heaters; biomass stoves and boils **(THIS CATEGORY OF IMPROVEMENT IS NOT LIMITED BY THE \$1,200 ANNUAL LIMIT ON TOTAL CREDITS)**
 - Roofing will no longer qualify

Residential Clean Energy Credit:

- Extended thru 2034
 - Amount of Credit:
 - 30% for 2023-2032
 - 26% for 2033
 - 22% for 2034
 - Credit no longer applies to biomass furnaces and water heaters (they are now covered under the Energy Efficient Home Improvement Credit)
 - Starting in 2023, the new credit will apply to battery storage technology with a capacity of at least 3 kilowatt hours

Clean Vehicle Credits:

- Extends the Clean Vehicle Credit until the end of 2032 and creates new credits for previously-owned clean vehicles and qualified commercial clean vehicles
- Tax credits include:
 - \$7,500 for the purchase of new qualified commercial clean vehicles

- \$40,000 for vehicles over 14,000 pounds
- The lesser of 30% of the price of used electric vehicles or \$4,000
- Breakdown of Limitations:
 - Apply based on the manufacturer's suggest retail price of the vehicle
 - AGI Limits
 - Single or MFS → \$150,000
 - HOH → \$225,000
 - MFJ → \$300,000
- Starting in 2024, the Inflation Reduction Act establishes a mechanism that will allow car buyers to transfer the credit to dealers at the point of sale so that it can directly reduce the purchase price

Taxes and IRS Funding:

- 15% minimum tax on corporations with over \$1 billion in revenue
- 1% excise tax on corporate share buybacks
- \$79 billion of additional funding over 10 years for IRS
- Extends the Affordable Care Act through 2025
- Allows Medicare to negotiate lower prices for some prescription drugs
 - Out-of-pocket costs for covered Medicare prescription drugs will be capped at \$2,000 per year beginning in 2025 (cap will be adjusted for inflation yearly)
- Beginning in Jan 2023, people who take insulin AND have Medicare prescription drug coverage will have their out-of-pocket cost capped at \$35 for a months supply
- Part-D adult vaccines for people with Medicare will be available at a reduced cost beginning in 2023