



NATURALLY BETTER INSULATION

How do I receive the Section 25C tax credit?

Legislation from the Inflation Reduction Act increased the 25C tax credit beginning January 1, 2023. Taxpaying homeowners can receive a federal tax credit of **up to 30%** of their purchase, **up to \$1,200**. Overall total limit for an efficiency tax credit in one year is **\$3,200**, with a total limit of **\$1,200** for any combination of home envelope improvements (windows/doors/skylights, insulation, electrical) plus furnaces, boilers and central air conditioners. Learn more about this incentive at https://www.energystar.gov/about/federal_tax_credits.

First, make sure you qualify. Only homeowners (not renters) can obtain the credit, it must be for the main home (where you live most of the time), and it must be for an existing home. New builds have a different tax credit.

Next, when you file your tax return, be sure to complete IRS Form 5695: Residential Energy Credits. If you use a product like TurboTax, there will be a prompt asking you about any energy-saving home improvements you made in the past year.

To qualify for the credit, qualified energy efficiency improvements must meet certain energy efficiency requirements. Installing insulation manufactured by a CIMA member means this requirement is met.

Be sure to include the cost of any vapor retarder or seal to limit infiltration. Do NOT include labor costs like onsite preparation or installation.

You should have written certification from the manufacturer that produces the insulation. This certification is usually included with the product's packaging or posted on the manufacturer's website. Though you can report the information on your tax return, do not include the original documentation in your return; keep it with your tax records.

Voilà! Enjoy your new energy efficient home.

For a directory of all energy efficiency incentives available in the United States, including at the state and local levels, visit www.dsireusa.org.

Note: we're not tax experts! While we hope this information is helpful, it shouldn't be relied on for any tax, legal, or accounting advice.

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