

Home Energy Audits

James R. Hasselback

A. Energy Credit

1. The credit amount is equal to 30% of the total amount that taxpayers pay during the year for:
 - a. Qualified energy efficiency improvements installed during the year,
 - b. Residential energy property expenditures, and
 - c. Home energy audits.

B. Home Energy Audits

1. The IRS issued Notice 2023-59 regarding the requirements for home energy audits for taxpayers that want to claim the Energy Efficient Home Improvement Credit.
2. This guidance provides specific requirements to claim the Home Energy Improvement Credit and the process for conducting the home energy audit.
3. The audit must identify the most significant and cost-effective energy efficiency improvements to the residence, including an estimate of the energy and cost savings for each improvement.
4. The maximum credit for home energy audits is \$150. Therefore, taxpayers can claim a 30 percent credit on audits that cost up to \$500.
5. A qualified home energy audit must:
 - a. Be for a dwelling unit in the United States that the taxpayer owns or uses as a principal residence;
 - b. Be prepared by a home energy auditor that meets certification or other requirements specified by the IRS; and
 - c. Include a written report that identifies the most significant and cost-effective energy efficiency improvements with respect to the home, and estimates the energy and cost savings with respect to each of those improvements.

6. A transition rule applies to home energy audits conducted on or before December 31, 2023, during a tax year ending after December 31, 2022. An audit during this transition period may qualify for the credit even if it is not conducted by a certified home energy auditor.
7. Starting in 2024, taxpayers will need to substantiate that a qualified auditor conducted their home audit. To satisfy this requirement, the written audit should state that the auditor is certified by one of the certification programs listed on the Department of Energy certification programs for the Energy Efficient Home Improvement Credit page to conduct the home energy audit.
8. The proposed regs will define a "qualified home energy audit" as an inspection conducted by or under the supervision of a qualified home energy auditor. The audit must be consistent with the Jobs Task Analysis led by the Department of Energy (DOE) and validated by the industry.
9. A qualified home energy auditor will have to be certified by a Qualified Certification Program at the time of the audit. DOE maintains a list of qualified certified programs on its website at

<https://www.energy.gov/eere/buildings/25cenergy-efficient-home-improvement-credit>

These are the only programs that may certify a qualified home energy auditor.

10. Under the proposed regs, a qualified home energy audit must include a written report prepared and signed by the qualified home energy auditor. The report must include:
 - a. The auditor's name and employer identification number (EIN) or other relevant taxpayer identifying number;
 - b. An attestation that the auditor is certified by a qualified certification program; and
 - c. The name of the certification program.
11. The proposed regs requires the taxpayer to substantiate the home energy audit expenditure by maintaining the certified home energy auditor's signed written report as a tax record. The taxpayer must also comply with the instructions for Form 5695, Residential Energy Credits, or any successor form.
12. The Energy Efficient Home Improvement Credit is a non-refundable credit, meaning that it can only reduce the amount of tax you owe and will not create a refund.