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Internal Revenue Code Section 45L(h)

New energy efficient home credit

(a) Allowance of credit.

(1) In general.

For purposes of section 38, in the case of an eligible contractor, the new energy efficient home credit for the taxable year is the applicable amount for each qualified new energy efficient home which is--

(A) constructed by the eligible contractor, and

(B) acquired by a person from such eligible contractor for use as a residence during the taxable year.

(2) Applicable amount.

For purposes of paragraph (1), the applicable amount is an amount equal to--

(A) in the case of a dwelling unit which is eligible to participate in the Energy Star Residential New Construction Program or the Energy Star Manufactured New Homes program--

(i) which meets the requirements of subsection (c)(1)(A) (and which does not meet the requirements of subsection (c)(1)(B)), \$2,500, and

(ii) which meets the requirements of subsection (c)(1)(B), \$5,000, and

(B) in the case of a dwelling unit which is part of a building eligible to participate in the Energy Star Multifamily New Construction Program--

(i) which meets the requirements of subsection (c)(1)(A) (and which does not meet the requirements of subsection (c)(1)(B)), \$500, and

(ii) which meets the requirements of subsection (c)(1)(B), \$1,000.

(b) Definitions.

For purposes of this section--

(1) Eligible contractor.

The term "eligible contractor" means--

(A) the person who constructed the qualified new energy efficient home, or

(B) in the case of a qualified new energy efficient home which is a manufactured home, the manufactured home producer of such home.

(2) Qualified new energy efficient home.

The term "qualified new energy efficient home" means a dwelling unit--

(A) located in the United States,

(B) the construction of which is substantially completed after the date of the enactment of this section, and

(C) which meets the energy saving requirements of subsection (c) .

(3) Construction.

The term "construction" includes substantial reconstruction and rehabilitation.

(4) Acquire.

The term "acquire" includes purchase.

(c) Energy saving requirements.

(1) In general.

(A) In general. --A dwelling unit meets the requirements of this subparagraph if such dwelling unit meets the requirements of paragraph (2) or (3) (whichever is applicable).

(B) Zero energy ready home program. --A dwelling unit meets the requirements of this subparagraph if such dwelling unit is certified as a zero energy ready home under the zero energy ready home program of the Department of Energy as in effect on January 1, 2023 (or any successor program determined by the Secretary).

(2) Single-family home requirements.

A dwelling unit meets the requirements of this paragraph if--

(A) such dwelling unit meets--

(i)

(I) in the case of a dwelling unit acquired before January 1, 2025, the Energy Star Single-Family New Homes National Program Requirements 3.1, or

(II) in the case of a dwelling unit acquired after December 31, 2024, the Energy Star Single-Family New Homes National Program Requirements 3.2, and

(ii) the most recent Energy Star Single-Family New Homes Program Requirements applicable to the location of such dwelling unit (as in effect on the latter of January 1, 2023, or January 1 of two calendar years prior to the date the dwelling unit was acquired), or

(B) such dwelling unit meets the most recent Energy Star Manufactured Home National program requirements as in effect on the latter of January 1, 2023, or January 1 of two calendar years prior to the date such dwelling unit is acquired.

(3) Multi-family home requirements.

A dwelling unit meets the requirements of this paragraph if--

(A) such dwelling unit meets the most recent Energy Star Multifamily New Construction National Program Requirements (as in effect on either January 1, 2023, or January 1 of three calendar years prior to the date the dwelling was acquired, whichever is later), and

(B) such dwelling unit meets the most recent Energy Star Multifamily New Construction Regional Program Requirements applicable to the location of such dwelling unit (as in effect on either January 1, 2023, or January 1 of three calendar years prior to the date the dwelling was acquired, whichever is later).

(d) Certification.

(1) Method of certification.

A certification described in subsection (c) shall be made in accordance with guidance prescribed by the Secretary, after consultation with the Secretary of Energy. Such guidance shall specify procedures and methods for calculating energy and cost savings.

(2) Form.

Any certification described in subsection (c) shall be made in writing in a manner which specifies in readily verifiable fashion the energy efficient building envelope components and energy efficient heating or cooling equipment installed and their respective rated energy efficiency performance.

(e) Basis adjustment.

For purposes of this subtitle, if a credit is allowed under this section in connection with any expenditure for any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so determined. This subsection shall not apply for purposes of determining the adjusted basis of any building under section 42 .

(f) Coordination with investment credit.

For purposes of this section, expenditures taken into account under section 47 or 48(a) shall not be taken into account under this section.

(g) Prevailing wage requirement.

(1) In general.

In the case of a qualifying residence described in subsection (a)(2)(B) meeting the prevailing wage requirements of paragraph (2)(A) , the credit amount allowed with respect to such residence shall be--

(A) \$2,500 in the case of a residence which meets the requirements of subparagraph (A) of subsection (c)(1) (and which does not meet the requirements of subparagraph (B) of such subsection), and

(B) \$5,000 in the case of a residence which meets the requirements of subsection (c)(1)(B) .

(2) Prevailing wage requirements.

(A) In general. --The requirements described in this subparagraph with respect to any qualified residence are that the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the construction of such residence shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such residence is located as most recently determined by the Secretary of Labor, in accordance with subchapter IV of chapter 31 of title 40, United States Code.

(B) Correction and penalty related to failure to satisfy wage requirements. -- Rules similar to the rules of section 45(b)(7)(B) shall apply.

(3) Regulations and guidance.

The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection , including regulations or other guidance which provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection .

 (h) Termination.

This section shall not apply to any qualified new energy efficient home acquired after June 30, 2026.