

One Big Beautiful Bill – Expiring Energy-Related Tax Credits for Individuals

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Several key energy-related tax credits are set to expire or phase out starting in 2025 as a result of the Inflation Reduction Act of 2025. This includes credits for:

- Energy efficient home improvements
- Residential clean energy systems (solar, wind, geothermal)
- Electric vehicle (EV) purchases
- Alternative fuel vehicle refueling property

If you are planning any upgrades, installations, or clean energy investments, acting before the dates described below may be your last opportunity to take full advantage of these tax incentives.

Energy Efficient Home Improvement Credit

About the credit: If you make qualified energy-efficient improvements to your main home, you may qualify for a non-refundable tax credit up to \$3,200. The credit limit for general improvements is \$1,200, with an additional \$2,000 credit limit for larger specific energy equipment. Qualified expenses include, but are not limited to exterior doors, windows, skylights; insulation and air sealing materials; central air conditioners; certain water heaters and boilers; and home energy audits. It is important to obtain either a qualified manufacturer (QM) code or a product PIN code to get the credit. Note: these credits are not available for a new house – it must be a renovation or addition of an existing home.

Termination: This credit is terminated and any property placed in service after **December 31, 2025**, is ineligible for the credit. The improvement must be installed and in use before this date in order to claim the credit.

Residential Clean Energy Credit

About the credit: An individual may claim a non-refundable tax credit for 30% of expenditures for residential clean energy property installed on or in connection with a dwelling in the US that the individual uses as a residence. Qualified expenditures include solar electric property, solar water heating property, fuel cell property, small wind energy property, geothermal heat pump property, and battery storage technology. Note: these credits are not available for a new house – it must be a renovation or addition of an existing home.

Termination: This credit is terminated, and a taxpayer may not claim the credit with respect to any installation made after **December 31, 2025**. The system must be installed and commissioned by this date in order to claim the credit.

Electric Vehicle (EV) Credit

About the credit: The Clean Vehicle credit (subject to income limitations) is a credit of up to \$7,500 for purchases of new qualified clean vehicles; and up to the lesser of 30% of the price or \$4,000 for purchases of used qualified clean vehicles. A used clean vehicle must have a sales price of \$25,000 or less. If the vehicle is leased, the credit goes to the leasing company. A new clean vehicle is a vehicle with a gross vehicle weight rating (GVWR) of less than 14,000 pounds that is (1) propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of at least seven kilowatt hours and can be recharged from an external source of electricity; or (2) a qualified fuel cell vehicle. There is an option to transfer the

EV tax credit directly to the participating dealer at the time of sale to get the benefit of the tax credit as a discount on the vehicle's price, rather than waiting to claim it on your tax return. Only certain vehicles qualify for this credit – confirm on the IRS website before purchasing the vehicle.

Termination: This credit is terminated and may not be claimed for any qualified vehicle acquired after **September 30, 2025**. The vehicle must be in your possession by this date in order to claim the credit.

Alternative Fuel Vehicle Refueling Property Tax Credit

About the credit: This tax credit is available for both individuals (limited based on income) and businesses. It is available if you install property to store or dispense clean-burning fuel or recharge electric vehicles in a qualified location (main home or business). The refueling or recharging property must be installed in a low-income community census tract or non-urban census tract (more information/a census tract identifier map is available on the IRS website). The credit for individuals is 30% of the cost of the property, up to the maximum credit of \$1,000 per item (charging port, fuel dispenser, or storage property). The credit for businesses is 6% of the cost of the property up to a maximum credit of \$100K per item.

Termination: This credit is terminated for property placed in service after **June 30, 2026**. If you are looking to add charging stations to your main home, to real estate buildings, etc., it will need to be in service by the end of Q2 2026.

Contact Us for Guidance

The new tax legislation in the OBBB is expansive and complex, impacting individuals, businesses, and estates alike. Please see our previous [email blast](#) regarding this new legislation. Contact your Johnson O'Connor service team member today to discuss how the new law impacts you or your business. O'Connor service team member today to discuss how the new law impacts you or your business.

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