

The Inflation Reduction Act (IRA) passed by Congress in 2022 may have opened a unique opportunity to lessen the burden of home renovations and upgrades. The ten-year plan to counteract inflation and emphasize a switch toward environmentally-friendly energy could lead to possible savings and tax breaks.

The most well-known savings from the IRA are within the field of electric vehicles (EVs). New EVs priced under \$80,000 for trucks, vans, and SUVs and \$55,000 and under for sedans qualify for a \$7,500 tax credit. Restrictions on this credit include that the vehicle is manufactured and assembled in North America, requirements surrounding the sourcing of the car battery and that household income is under \$150,000 for individuals or \$300,000 for joint filers. Used EVs provide a tax credit of \$4,000 for vehicles priced under \$25,000, with income limits of \$75,000 for individuals or \$150,000 for joint filers. Beginning in 2024, this credit will change into a point-of-sale discount on the price of the EV provided by dealers.

Sources: U.S. Congress, Internal Revenue Service, U.S. Department of Energy

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