



Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

Federal Tax Treatment of Amounts Paid Toward the Purchase of Energy Efficient Property/Improvements Under Department of Energy Home Energy Rebate Programs: Internal Revenue Service Issues Announcement 2024-19

04/10/2024

The United States Internal Revenue Service (“IRS”) issued Announcement 2024-19 titled:

Federal Tax Treatment of Amounts Paid Toward the Purchase of Energy Efficient Property and Improvements Under Department of Energy Home Energy Rebate Programs Pursuant to Section 50121 and 50122 of the Inflation Reduction Act of 2022 (“Announcement”)

The Announcement characterizes the referenced amounts as “rebates.”

The IRS concludes that tax payors who receive rebates for the purchase of energy efficient homes:

- Will not include the value of those rebates as income on their tax returns
- Must reduce the basis of the property when they sell it by the amount of the rebate

Therefore, amounts received by the United States Department of Energy Home Energy Rebate Programs funded through the Inflation Reduction Act will be treated as a reduction in the purchase price or cost of property for eligible upgrades and projects. Consequently, a consumer receiving an Inflation Reduction Act rebate will not be required to report the value of the rebate as income.

The Inflation Reduction Act includes \$8.8 billion for home energy rebates.

The IRS Announcement includes the following components:

- Background
- Treatment of Department of Energy Home Energy Rebates to Purchaser
- Rebates Excluded from Purchasers’ Gross Income
- Required Adjustments to Purchasers’ Basis in Property
- Treatment of Department of Energy Home Energy Rebates to Certain Business Taxpayers
- Coordination of Rebates Pursuant to Department of Energy Home Energy Rebate Programs with § 25C credit

- Drafting Information

A copy of the Announcement can be downloaded [here](#).