



Hot News

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25C Woodstove Tax Credit for 2023 – 2032

With the start of the New Year, industry has a new tax credit to enjoy for the next 10 years. Put in place through last year's Inflation Reduction Act (IRA), qualifying wood-burning appliances (biomass stoves and biomass boilers) are now eligible for a 30% tax credit (including purchase, installation, and labor costs). The IRA moved our credit from Section 25D of the tax code to Section 25C, also known as the Energy Efficient Home Improvement Credit.

Key features dealers and consumers need to know include:

- Qualifying appliances must have a thermal efficiency rating of at least 75% (measured by the higher heating value of the fuel).
- Capped at \$2,000 per year – there is no carryover provision from year to year, but the \$2,000 limit does reset each year.
- Non-refundable tax credit – this means you can have your tax liability reduced to \$0, but the credit will not generate or increase a tax refund.
- Appliances are paired with heat pumps – if purchasing a qualifying heat pump or water pump and a qualifying wood heater in the same year, the maximum credit between the two purchases is \$2,000 aggregate.
- May be used for primary or secondary property that you actually live in – may not be used for a rental property (although a renter could claim the credit for a property in which they live).
- Claimable in the year the property is installed – when purchasing in one year and installing in another, the credit falls in the tax year the installation is completed.

HPBA has an [FAQ](#) and one-pager for the 25C tax credit. The IRS has also recently updated its tax credit [FAQs](#). For questions on the tax credit, please contact Ryan Carroll or John Crouch.