



TaxNewsFlash

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Announcement 2024-19: Tax treatment of amounts paid as rebates for energy efficient property and improvements

The IRS today released [Announcement 2024-19](#) addressing the federal income tax treatment of amounts paid for the purchase of energy efficient property and improvements.

As explained in a related IRS release—[IR-2024-97](#)—taxpayers who receive rebates for the purchase of energy efficient homes typically will not include the value of those rebates as income on their tax returns. However, they will need to reduce the basis of the property when they sell it by the amount of the rebate.

The “Inflation Reduction Act of 2022” (IRA) describes performance-based incentives and electrification product subsidies as “rebates” in its statutory language.

Announcement 2024-19 provides that amounts received from the [Department of Energy \(DOE\) home energy rebate programs](#) funded through the IRA will be treated as a reduction in the purchase price or cost of property for eligible upgrades and projects. As a result, the consumer that receives an IRA rebate will not be required to report the value of the rebate as income.

The announcement also provides coordination rules for claiming a federal tax credit under section 25C of the Code.

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