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Instructions for Form 8908



Department of the Treasury
Internal Revenue Service

(Rev. December 2022)

Energy Efficient Home Credit

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Future Developments

For the latest information about developments related to Form 8908 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8908](https://www.irs.gov/Form8908).

What's New

Credit extension. The Inflation Reduction Act of 2022 (IRA 2022) extended the energy efficient home credit to cover qualified new energy efficient homes sold or leased after 2021 and before 2033.

Credit increase and modification. IRA 2022 also increased and modified the credit for certain homes sold or leased after 2022.

Purpose of Form

Eligible contractors use Form 8908 to claim a credit for each qualified energy efficient home sold or leased to another person during the tax year for use as a residence. The credit is based on the energy saving requirements of the home. The credit is part of the general business credit.

Partnerships and S corporations must file this form to claim the credit. All other taxpayers aren't required to complete or file this form if their only source for this credit is a partnership or an S corporation. Instead, they can report this credit directly on line 1p in Part III of Form 3800, General Business Credit.

See section 45L for more information.

What Revision To Use

Use the December 2022 revision of Form 8908 for tax years beginning in 2022 or later, until a later revision is issued. Use this December 2022 revision of the instructions for tax years beginning in 2022 or later, until a later revision is issued. Use prior revisions of the form and instructions for earlier tax years. All revisions are available at [IRS.gov/Form8908](https://www.irs.gov/Form8908).

Who May Claim the Credit

Eligible contractors may claim the credit for new energy efficient homes that are acquired by sale or lease by an individual from that contractor during the tax year for use as a residence.

Definitions

Eligible Contractor

An eligible contractor is the person that constructed a qualified energy efficient home (or produced a qualified energy efficient home that is a manufactured home). A

person must own and have a basis in the qualified energy efficient home during its construction to qualify as an eligible contractor with respect to the home. For example, if the person that hires a third-party contractor to construct the home owns and has the basis in the home during construction, the person that hires the third-party contractor is the eligible contractor and the third-party contractor isn't an eligible contractor.

Qualified New Energy Efficient Home

A qualified new energy efficient home is a dwelling unit located in the United States, whose construction is substantially completed after August 8, 2005, and sold or leased to another person after 2005 but before 2033, for use as a residence. The home must be certified and meet certain energy saving requirements. Construction includes substantial reconstruction and rehabilitation.

Energy Saving Requirements

The credit amount is based on the extent to which each new energy efficient home meets the energy saving requirements discussed below.

50% energy efficient standard (for homes sold or leased before 2023). The credit is \$2,000 for a dwelling unit that is **certified** to have an annual level of heating and cooling energy consumption at least 50% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* and has building envelope component improvements that account for at least 1/5 of the 50% reduction in energy consumption. A manufactured home meeting the requirements described above and the Federal Manufactured Home Construction and Safety Standards (FMHCSS) requirements (see 24 C.F.R. part 3280) is also eligible for the \$2,000 credit.

Comparable dwelling unit. A comparable dwelling unit:

- Is constructed in accordance with the standards of chapter 4 of the 2006 International Energy Conservation Code as such Code (including supplements) was in effect on January 1, 2006;
- Has air conditioners with a Seasonal Energy Efficiency Ratio (SEER) of 13, measured in accordance with 10 C.F.R. 430.23(m); and
- Has heat pumps with a SEER of 13 and a Heating Seasonal Performance Factor (HSPF) of 7.7, measured in accordance with 10 C.F.R. 430.23(m).

30% energy efficient standard (for homes sold or leased before 2023). The credit is \$1,000 for a manufactured home that doesn't meet the 50% energy saving requirement but is **certified** to have an annual level of heating and cooling energy consumption at least 30% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* (discussed above) and:

- Meets FMHCSS requirements, and

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- Has building envelope component improvements that account for at least 1/3 of the 30% reduction in energy consumption, or
- Meets the current requirements established by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

Heating and cooling energy and cost savings must be calculated using the procedures described in Residential Energy Services Network (RESNET) Publication 001-16, or an equivalent calculation procedure. You can access RESNET publications at http://staging.resnet.us/professional/standards/tax_credits.

Zero Energy Ready Home Program requirement (for homes sold or leased after 2022). A dwelling unit meets this requirement if the dwelling unit is certified as a zero energy ready home under the Zero Energy Ready Home Program of the Department of Energy as in effect on January 1, 2023 (or any successor program).

Information about this program is available at www.energy.gov.

Single-family home requirements (for homes sold or leased after 2022). A dwelling unit meets these requirements if the dwelling unit meets:

- The Energy Star Single-Family New Homes National Program Requirements 3.1;
- The Energy Star Single-Family New Homes Program Requirements in effect on January 1, 2023, for the location of the dwelling unit; or
- The Energy Star Manufactured Home National Program Requirements in effect on January 1, 2023.

Information about Energy Star programs is available at www.energystar.gov/partner_resources/residential_new.

Multi-family home requirements (for homes sold or leased after 2022). A dwelling unit meets these requirements if the dwelling unit meets:

- The Energy Star Multi-Family New Construction National Program Requirements in effect on January 1, 2023; or
- The Energy Star Multi-Family New Construction Regional Program Requirements in effect on January 1, 2023, for the location of the dwelling unit.

Information about Energy Star programs is available at www.energystar.gov/partner_resources/residential_new.

Prevailing wage requirements (for multi-family homes sold or leased after 2022). The prevailing wage requirements with respect to any qualified residence are that the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the construction of such residence shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such residence is located as most recently determined by the Secretary of Labor. Regulations or other guidance will be issued as necessary, including regulations or other guidance which provides for requirements for recordkeeping or information reporting for purposes of administering these requirements. Additional guidance issued to address the prevailing wage requirements will be added to these instructions at a later date.

Certification

An eligible contractor must obtain a certification that the dwelling unit meets the requirements of section 45L(c) before claiming the section 45L credit. For homes sold or leased before 2023, the certification will be treated as satisfying the requirements of section 45L(c) if all the construction has been performed in a manner consistent with the design specifications provided to the eligible certifier and the certification contains all of the information required by section 3 of Notice 2008-35, available at IRS.gov/irb/2008-12_IRB#NOT-2008-35; or, for manufactured homes, section 3 or section 4 of Notice 2008-36, available at IRS.gov/irb/2008-12_IRB#NOT-2008-36.

For homes sold or leased after 2022, any additional guidance issued to address certification will be added to these instructions at a later date.

Specific Instructions

Line 1

For each home sold or leased before 2023 that meets the 50% energy efficient standard, the allowable credit is \$2,000.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See section 45L(f).

Line 2

For each manufactured home sold or leased before 2023 that meets the 30% energy efficient standard, the allowable credit is \$1,000.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See section 45L(f).

Line 3

The credit is \$2,500 for each home sold or leased after 2022 and eligible to participate in the:

- Energy Star Residential New Construction Program that meets the Single-Family Home Requirements but is not certified as a Zero Energy Ready Home,
- Energy Star Manufactured New Homes Program that meets the Single-Family Home Requirements but is not certified as a Zero Energy Ready Home, or
- Energy Star Multi-Family New Construction Program that meets the prevailing wage requirements and the Multi-Family Home Requirements but is not certified as a Zero Energy Ready Home.

Generally, reduce the expenses incurred in the construction of each new home by the amount of the credit. However, do not reduce the expenses when determining the adjusted basis of a building for purposes of the low-income housing credit. Also, expenses taken

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into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See sections 45L(e) and (f).

Line 4

The credit is \$5,000 for each home sold or leased after 2022 and eligible to participate in the:
• Energy Star Residential New Construction Program and is certified as a Zero Energy Ready Home,
• Energy Star Manufactured New Homes Program and is certified as a Zero Energy Ready Home, or
• Energy Star Multi-Family New Construction Program that meets the prevailing wage requirements and is certified as a Zero Energy Ready Home.

Generally, reduce the expenses incurred in the construction of each new home by the amount of the credit. However, do not reduce the expenses when determining the adjusted basis of a building for purposes of the low-income housing credit. Also, expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See sections 45L(e) and (f).

Line 5

The credit is \$500 for each home sold or leased after 2022 and eligible to participate in the Energy Star Multi-Family New Construction Program that meets the Multi-Family Home Requirements but is not certified as a Zero Energy Ready Home and does not meet the prevailing wage requirements.

Generally, reduce the expenses incurred in the construction of each new home by the amount of the credit. However, do not reduce the expenses when

determining the adjusted basis of a building for purposes of the low-income housing credit. Also, expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See sections 45L(e) and (f).

Line 6

The credit is \$1,000 for each home sold or leased after 2022 and eligible to participate in the Energy Star Multi-Family New Construction Program that is certified as a Zero Energy Ready Home but does not meet the prevailing wage requirements.

Generally, reduce the expenses incurred in the construction of each new home by the amount of the credit. However, do not reduce the expenses when determining the adjusted basis of a building for purposes of the low-income housing credit. Also, expenses taken into account for either the rehabilitation credit or energy credit part of the investment tax credit must not again be considered in determining the energy efficient home credit. See sections 45L(e) and (f).

Line 7

Enter total energy efficient home credits from:
• Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., box 15 (code P); and
• Schedule K-1 (Form 1120-S), Shareholder’s Share of Income, Deductions, Credits, etc., box 13 (code P).

Partnerships and S corporations report the above credits on line 7. All other filers figuring a separate credit on earlier lines also report the above credits on line 7. All others not using earlier lines to figure a separate credit can report the above credits directly on Form 3800, Part III, line 1p.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Table with 2 columns: Task and Time. Rows include Recordkeeping (2 hr., 9 min.), Learning about the law or the form (12 min.), and Preparing and sending the form to the IRS (14 min.).

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.