

ARE YOU AWARE OF THE GEOHERMAL HEAT PUMP TAX CREDITS EXTENDED & IMPROVED THROUGH 2023



The Energy Investment Tax Credit Section 48, a long-standing tax credit, has been enhanced and extended by the Inflation Reduction Act of 2022 (IRA).



UP TO 50%

The Energy Investment Tax Credit (48 ITC) now offers a credit value of up to **50%** of the total cost of energy property projects, including qualifying geothermal heat pump systems.

- Base Rate* - 6%
- Increased Credit Amount** - Up to 30%
- Meets Domestic Content Requirements*** - 2-10%
- Meets Energy Communities Requirements**** - 2-10%
- Total Potential Credit Value - 6-50%

Retroactively applied to installations '**placed in service**' on **January 1, 2022** or later.



Depending on the organization's specific tax obligations, this can have a

SIGNIFICANT IMPACT on first year cash flow and project return on investment.

Contact your tax advisor for more information

*Base Rate for geothermal heat pumps drops to 5.2% in 2033 and 4.4% in 2034 **Increased Credit Amount: must meet prevailing wage and apprenticeship requirements***Domestic Content: i.e., materials are made in the USA****Energy Communities: a brownfield site (as defined by the EPA); a community with above-average unemployment rate and 1) \$0.17 direct employment or 2) 25%+ local tax revenue from coal, oil or nat gas processes; census tracts containing mines and/or coal-fired generating units that have retired after 12/31/1999 or 12/31/2009 respectively | Source: full text of the legislation (<https://www.congress.gov/bill/117th-congress/house-bill/5376/text>) Disclaimer: Trane does not provide tax, legal, or accounting advice. This material is for informational purposes only and it should not be relied on for tax, legal, or accounting advice. Tax law is subject to continual change. All decisions are your responsibility, and you should consult your own tax, legal, and accounting advisors. Trane disclaims any responsibility for actions taken on the material presented.