

# IRS requests comments on energy efficient home improvement tax credit

January 8, 2024

## In brief

### What happened?

The IRS and Treasury on December 29 released Notice 2024-13, which requests comments on issues relating to the Section 25C tax credit for energy efficient home improvements.

### Why is it relevant?

Section 25C requires certain property eligible for the credit to be labeled with a unique qualified product identification code (PIN). Notice 2024-13 describes a possible system for manufacturers to assign PINs to products and requests comments on the proposed system and other issues in anticipation of publishing proposed regulations.

### Action to consider:

Taxpayers that manufacture property eligible for the Section 25C credit should become familiar with the PIN requirements and consider the implications for existing processes. Taxpayers must provide comments by the due date of February 27, 2024.

## In detail

### Statutory background

As amended by the Inflation Reduction Act of 2022, Section 25C provides a nonrefundable credit to individual taxpayers of 30% of the sum of amounts paid or incurred during a tax year for (1) qualified energy efficiency improvements, (2) residential energy property expenditures, and (3) home energy audits. The credit is subject to dollar limitations based on the type of improvement, an annual limitation of \$1,200, and other requirements. The 2022 amendments generally apply to property placed in service after 2022 and before 2033.

Effective for property placed in service after 2024, each item of certain types of property eligible for a Section 25C credit (specified property) must be produced by a qualified manufacturer and have an assigned qualified PIN.

“Specified property” is certain heat pumps, air conditioners, and hot water heaters; other furnaces and hot water boilers; advanced main air circulating fans; exterior windows and skylights; and exterior doors.

A “qualified PIN” is a PIN assigned to an item of specified property by a qualified manufacturer using a methodology that ensures that each number is unique, for example by using numbers or letters unique to that manufacturer. A “qualified manufacturer” is a manufacturer of specified property that enters into an agreement with Treasury to assign a PIN to each item of specified property using the required methodology, label each item with its PIN, and submit periodic written reports.

IRS [FAQs](#) provide additional general information on the Section 25C credit and the Section 25D credit for residential energy property.

## Proposed PIN assignment system

Notice 2024-13 describes a proposed PIN assignment system using a 17-digit PIN consisting of a “QM” number specific to a qualified manufacturer, a number specific to a specified property product line that qualifies for the Section 25C credit, the year of manufacture, and a number unique to each item of specified property.

Manufacturers would be required to register with the IRS to be a qualified manufacturer. The IRS would issue a QM number and provide a list of product numbers to a successfully registered manufacturer. The manufacturer would complete the manufacturing date and assign an item number to each item of specified property.

Manufacturers would label their products with their PINs and potentially provide the PINs to consumers to include on the consumer’s tax return when claiming the Section 25C credit. Manufacturers would provide lists of PINs to the IRS through an online portal system throughout the calendar year.

Notice 2024-13 requests comments on this proposed PIN assignment system, including its costs and practicality; what exceptions or transition rules may be needed; whether additional costs would be incurred if the system applied to only some items of specified property; what challenges may exist due to customizable products; and how frequently manufacturers could provide information to the IRS, retailers, and consumers on available specified property.

## Other comment requests

To assist the IRS and Treasury in developing the unique PIN assignment system, Notice 2024-13 requests general comments from manufacturers about the products they manufacture and the present existence of any system to assign unique identification numbers to products.

Notice 2024-13 also requests comments on providing PINs to consumers and the IRS, specifically asking what systems manufacturers, retailers, distributors, contractors, or trade organizations might put in place to:

- (1) Assist consumers to determine whether a specific item of specified property qualifies for the Section 25C credit, including where and how to provide the PIN and whether manufacturers or retailers could provide information on the Section 25C credit to consumers,
- (2) Comply with the labeling requirement to prevent duplicate or fraudulent claims, including where and how to place a label, and
- (3) Ensure that the IRS has the appropriate list of PINs for each unique item of specified property placed in service after 2025.

## Let's talk

For a deeper discussion of how the energy efficient home improvement tax credit might affect your business, please contact one of the PwC professionals listed below:

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