

TAX CREDITS

Take advantage of 25C Tax Credit opportunities for qualifying energy-efficient indoor comfort improvements.



ACT NOW! Due to recent changes in law, the § 25C Energy Efficient Home Improvement Credit will no longer be available for equipment placed into service after December 31, 2025.

The Energy Efficient Home Improvement Credit, as outlined in Section 25C of the Internal Revenue Code (IRC), provides a financial incentive to homeowners for making qualifying improvements. It opens the door for eligible homeowners to potentially receive a tax credit for a portion of the cost of qualifying energy-efficient improvements, such as specific high-efficiency HVAC systems placed into service through December 31, 2025.

Heat Pumps

Air-Source Heat Pump Split Systems

- Individuals who purchase and place into service qualifying air-source heat pump split system equipment within the tax year may be eligible for a non-refundable tax credit of up to \$2000. Additional limitations may apply.*
- Must meet or exceed the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect as of the beginning of the calendar year the equipment is placed into service.
- Both indoor and outdoor components of split systems must be rated as a matched system with an indoor coil, air handler, and/or furnace.
- Beginning Jan 1, 2025, CEE created a unified North American Region (no more North/South efficiency requirement differences) and a unified category for all split ASHP systems (no more distinction between ducted/non-ducted/mixed).

Qualifying 2025 CEE Criteria

2025 CEE SPLIT ASHP SPECIFICATIONS					
CEE Level	SEER2	EER2	HSPF2	COP AT 5°F	Capacity Ratio
CEE Tier 1					
Path A	≥ 16.0	≥ 9.8	≥ 8.5	≥ 1.75	≥ 60% AT 5°F/47°F
Path B	≥ 16.0	≥ 11.0	≥ 8.0	≥ 1.75	≥ 45% AT 5°F/47°F

Systems can qualify for the Section 25C tax credit via either Path A or Path B, regardless of location. To find qualifying systems, visit the AHRI Directory of Certified Product Performance.

* Daikin Comfort Technologies Manufacturing, Inc. does not offer tax advice. This information is provided for discussion purposes only and is provided as a generic guideline. This information does not represent tax advice. Before filing for any tax credit with respect to these products, Daikin Comfort Technologies Manufacturing, Inc. recommends that consumers consult with a tax professional to determine the application of such credits to their particular situation.

Packaged Air-Source Heat Pumps

- Individuals who purchase and place into service qualifying packaged air-source heat pump systems within the tax year may be eligible for a non-refundable tax credit of up to \$2000. Additional limitations may apply.*
- Must meet or exceed the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect as of the beginning of the calendar year the equipment is placed into service.
- Beginning Jan 1, 2025, CEE created a unified North American Region (no more North/South efficiency requirement differences).

Qualifying 2025 CEE Criteria

2025 CEE PACKAGED ASHP SPECIFICATIONS					
CEE Level	SEER2	EER2	HSPF2	COP AT 5°F*	Capacity Ratio
CEE Tier 1	≥ 15.0	≥ 10.0	≥ 7.2	≥ 1.75	≥ 45% AT 5°F/47°F

To find qualifying packaged units, visit the AHRI Directory of Certified Product Performance.

Packaged Central Air Conditioners

- Individuals who purchase and place into service qualifying packaged air conditioning systems within the tax year may be eligible for a non-refundable tax credit of up to \$600. Additional limitations may apply*.
- Must meet or exceed the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect as of the beginning of the calendar year the equipment is placed into service.

Qualifying 2025 CEE Criteria

2025 CEE PACKAGED CAC SPECIFICATIONS		
CEE Level	SEER2	EER2
CEE Tier 1	≥ 16.0	≥ 11.5

Central Air Conditioners

Split Central Air Conditioner Systems

- Individuals who purchase and place into service qualifying split central air conditioning systems (ducted, ductless, or mixed ducted) within the tax year may be eligible for a non-refundable tax credit of up to \$600. Additional limitations may apply.*
- Must meet or exceed the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect as of the beginning of the calendar year the equipment is placed into service.
- Both indoor and outdoor components of split systems must be rated as a matched system with an indoor coil, air handler, and/or furnace.

Qualifying 2025 CEE Criteria

2025 CEE SPLIT CAC SPECIFICATIONS		
Level	SEER2	EER2
CEE Tier 1	≥ 17.0	≥ 12.0

To find qualifying split central air conditioner systems, visit the AHRI Directory of Certified Product Performance.

Natural Gas Furnaces

- Individuals who purchase and place qualifying gas-fired forced air furnaces into service within the tax year may be eligible for a non-refundable tax credit of up to \$600. Additional limitations may apply.*
- Must meet or exceed the Consortium for Energy Efficiency (CEE) highest efficiency tier, not including any advanced tier, in effect as of the beginning of the calendar year the equipment is placed into service.

Qualifying CEE Criteria

2025 CEE AFUE SPECIFICATIONS	
CEE Level	AFUE*
CEE Tier 3	≥ 97%

To find qualifying natural gas furnaces, visit the AHRI Directory of Certified Product Performance.

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Find tax credit-eligible systems

1. Visit the AHRI Directory of Certified Product Performance webpage (<https://ahridirectory.org/>) and click on your corresponding Product Function.
2. Enter the brand name (indoor and outdoor unit, if applicable), model number of your equipment (indoor and outdoor unit, if applicable) into the Search bar, and click SEARCH.
3. Locate your system’s model number in the search results and click on the AHRI Ref # link.
4. On the system’s detail page, look for the button labeled “Download Certificate.”
5. Click DOWNLOAD CERTIFICATE to download the AHRI certificate. 25C tax credit-eligible equipment will display the text “Potential Eligibility for IRA Tax Credit*” in the top right-hand corner. You can save or print it for your records.

These tax credits apply to Residential Energy Property Expenditures, such as qualifying Heat Pumps, central air conditioners, and natural gas furnaces. Meeting the highest numeric CEE tier (excluding the advanced tier) in effect at the beginning of the year when the property was installed serves as one of the criteria used to determine eligibility for certain equipment under the [Federal Energy Efficiency Home Improvement Credit](#).

QM Code Requirement for Qualifying 25C Equipment

For property placed in service after Dec. 31, 2024, and before Jan. 1, 2026, a taxpayer can claim a tax credit under Section 25C, (1) the item must qualify for the tax credit; (2) the item must be produced by a “qualified manufacturer” (a “QM”); and (3) taxpayers must include the QM Code in their tax return* for 2025 (specifically on Form 5695 – Residential Energy Credits).

The QM Code for qualifying 25C Goodman equipment: 17Q6

The Section 25C Energy Efficient Home Improvement Credit will no longer be available for equipment placed into service after December 31, 2025.



A DAIKIN BRAND