

Instructions for Form 8908

(Rev. December 2023)

Energy Efficient Home Credit



Department of the Treasury
Internal Revenue Service

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 increase and modification. The Inflation Reduction Act of 2022 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 new 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.

For more information, see section 45L and Notice 2023-65, 2023-42 I.R.B. 1067, available at [IRS.gov/irb/2023-42_IRB#NOT-2023-65](https://www.irs.gov/irb/2023-42_IRB#NOT-2023-65).

Which Revision To Use

Use the December 2023 revision of Form 8908 for tax years beginning in 2023 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

An eligible contractor may claim the credit for a qualified new energy efficient home that is acquired by an individual from that contractor during the tax year for use as a residence.

Definitions

Acquired

The term "acquired" includes purchased. Also, a qualified new energy efficient home that is leased by a person from an eligible contractor for use as a residence during the tax year is considered acquired. A qualified new energy efficient home is not acquired by a person from an eligible contractor if the eligible contractor retains the home for use as a residence.

A qualified new energy efficient home that is a manufactured home may be acquired directly or indirectly from an eligible contractor. A qualified new energy efficient home that is a manufactured home is acquired indirectly from an eligible contractor for use as a residence if the person that produced the manufactured home sells it to an intermediary (for example, a dealer of manufactured homes) and the intermediary (or the last of multiple intermediaries) sells or leases the manufactured home to another person for use as a residence. See section 7.03 of Notice 2023-65 for a safe harbor permitting an eligible contractor to rely on a dealer's statement concerning a sale by the dealer of manufactured homes.

Eligible Contractor

An eligible contractor is the person that constructed the qualified new energy efficient home and owned and had a basis in the home during its construction, or, in the case of a qualified new energy efficient home that is a manufactured home, the person that produced the home and owned and had a basis in the home during its production. For example, if a person that owns and has a basis in a qualified new energy efficient home during its construction hires a third-party contractor to construct the home, 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 before 2033, for use as a residence. The home must be certified and meet certain energy saving requirements. Construction includes substantial reconstruction and rehabilitation.

The term "United States" includes all 50 states and the District of Columbia. The term does not include U.S. territories.

Energy Saving Requirements

To meet the energy saving requirements, a qualified new energy efficient home must be eligible to participate in one of the following Energy Star programs.

- The Energy Star Residential New Construction Program.
- The Energy Star Manufactured New Homes Program.
- The Energy Star Multifamily New Construction Program.

For more information about these programs, see the Energy Star Program Requirements webpage at www.energystar.gov/partner_resources/residential_new_program_reqs.

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

Zero energy ready home. A zero energy ready home is a dwelling unit certified as a zero energy ready home under the Zero Energy Ready Home (ZERH) Program of the Department of Energy as in effect on January 1, 2023 (or any successor program determined by the Secretary of the Treasury). See section 4.04(2) of Notice 2023-65 for more information about the ZERH program in effect and the determination of any successor program.

Information about this program is available at www.energy.gov/eere/buildings/doe-zero-energy-ready-home-zerh-program-requirements.

Single-family home requirements (Energy Star Single-Family Home Program Requirements). A dwelling unit eligible to participate in the Energy Star Residential New Construction Program or the Energy Star Manufactured New Homes Program meets these requirements if the dwelling unit meets:

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

A dwelling unit certified under a currently effective version of one of the Energy Star Single-Family Home Program Requirements by definition is also certified under any prior version of the same program requirements. For example, a dwelling unit certified under the Energy Star Single-Family New Homes National Program Requirements 3.2 is also considered certified under the Energy Star Single-Family New Homes National Program Requirements 3.1.

The Environmental Protection Agency (EPA) will deem a dwelling unit certified under certain Energy Star Single-Family New Homes National Program Requirements to also be certified under certain Energy Star Single-Family New Homes Regional Program Requirements, and vice versa. To determine which deemed certifications correspond to which Energy Star program requirements, see the Energy Star webpage (address provided below).

If a dwelling unit is not located in California, Florida, Hawaii, Oregon, or Washington, then the most recent Energy Star Single-Family New Homes Program Requirements applicable to the location of the dwelling unit will be the effective Energy Star Single-Family New Homes National Program Requirements.

For more information, see the Energy Star webpage at www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/tax_credits_home_builders.

Multifamily home requirements (Energy Star Multifamily Home Program Requirements). A dwelling unit eligible to participate in the Energy Star Multifamily New Construction Program meets these requirements if the dwelling unit meets:

- The Energy Star Multifamily New Construction National Program Requirements in effect on January 1, 2023; and

- The Energy Star Multifamily New Construction Regional Program Requirements in effect on January 1, 2023, which are applicable to the location of the dwelling unit.

A dwelling unit certified under a currently effective version of one of the Energy Star Multifamily Home Program Requirements by definition is also certified under any prior version of the same program requirements. For example, a dwelling unit certified under the Energy Star Multifamily New Construction National Program Requirements 1.2 is also considered certified under the Energy Star Multifamily New Construction National Program Requirements 1.1.

The EPA will deem a dwelling unit certified under certain Energy Star Multifamily New Construction National Program Requirements to also be certified under certain Energy Star Multifamily New Construction Regional Program Requirements, and vice versa. To determine which deemed certifications correspond to which Energy Star program requirements, see the Energy Star webpage (address provided below).

If the dwelling unit is not located in California, Florida, Hawaii, Oregon, or Washington, then the most recent Energy Star Multifamily New Construction Program Requirements applicable to the location of the dwelling unit will be the effective Energy Star Multifamily New Construction National Program Requirements.

For more information, see the Energy Star webpage at www.energystar.gov/about/federal_tax_credits/federal_tax_credit_archives/tax_credits_home_builders.

Prevailing wage requirements for multifamily homes. The prevailing wage requirements with respect to any qualifying residence are that the eligible contractor must ensure that any laborers and mechanics employed by the eligible contractor or any subcontractor in the construction of such residence are 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.

For more information, see the following.

- For initial guidance, see Notice 2022-61, 2022-52 I.R.B. 560, available at IRS.gov/irb/2022-52_IRB#NOT-2022-61.
- Proposed regulations are in Internal Revenue Bulletin 2023-39, available at IRS.gov/irb/2023-39_IRB#REG-100908-23.
- Any future guidance provided by final regulations will be covered as discussed under [Future Developments](#), earlier.
- Frequently asked questions about the prevailing wage requirements are available at IRS.gov/credits-deductions/frequently-asked-questions-about-the-prevailing-wage-and-apprenticeship-under-the-inflation-reduction-act.

Certification

An eligible contractor must obtain any certification(s) the dwelling unit needs to meet the applicable program requirement(s) referred to in section 45L(c) before claiming the energy efficient home credit. These program requirements are discussed earlier. Certification information is available on the referenced websites.

Specific Instructions

Line 1

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, or
- Energy Star Manufactured New Homes Program that meets the single-family home requirements but is not certified as a zero energy ready home.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring the energy efficient home credit. See sections 45L(e) and (f).

Line 2

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, or
- Energy Star Manufactured New Homes Program and is certified as a zero energy ready home.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring the energy efficient home credit. See sections 45L(e) and (f).

Line 3

The credit is \$2,500 for each home sold or leased after 2022 and eligible to participate in the Energy Star Multifamily New Construction Program that meets the prevailing wage requirements and the multifamily home requirements but is not certified as a zero energy ready home.

You must attach additional information to your timely filed return (including extensions) to substantiate that you meet the prevailing wage requirements and to claim the increased credit amount for each home. You must attach a separate statement for each home. The statement must include the following information.

- The location of the home.
- The applicable wage determinations for each classification of laborer and mechanic that performed work on the construction of the home.
- The wages paid (including any correction payments as defined in section 45(b)(7)(B)(i)(I)) and hours worked for each of the laborer or mechanic classifications engaged in the construction of the home.

- The number of laborers and mechanics who received correction payments as the result of any failure to pay the applicable prevailing wage rates.
- The amount of penalty payments owed with respect to any failures to pay the applicable prevailing wage rates.



You must maintain and preserve sufficient records, including books of account or records of work performed by laborers who constructed the home, to substantiate that you meet the prevailing wage requirements and to claim the increased tax benefit.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring 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 Multifamily New Construction Program that meets the prevailing wage requirements and is certified as a zero energy ready home.

You must attach additional information to your timely filed return (including extensions) to substantiate that you meet the prevailing wage requirements and to claim the increased credit amount for each home. You must attach a separate statement for each home. The statement must include the following information.

- The location of the home.
- The applicable wage determinations for each classification of laborer and mechanic that performed work on the construction of the home.
- The wages paid (including any correction payments as defined in section 45(b)(7)(B)(i)(I)) and hours worked for each of the laborer or mechanic classifications engaged in the construction of the home.
- The number of laborers and mechanics who received correction payments as the result of any failure to pay the applicable prevailing wage rates.
- The amount of penalty payments owed with respect to any failures to pay the applicable prevailing wage rates.



You must maintain and preserve sufficient records, including books of account or records of work performed by laborers who constructed the home, to substantiate that you meet the prevailing wage requirements and to claim the increased tax benefit.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring 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 Multifamily New Construction Program that meets the multifamily home requirements but is not certified as a zero energy ready home and does not meet the prevailing wage requirements.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring 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 Multifamily New Construction Program that is certified as a zero energy ready home but does not meet the prevailing wage requirements.

Generally, you must reduce the expenses incurred in the construction of each new home by the amount of the credit when figuring your basis in the property. However, do not reduce the expenses by the amount of the credit when figuring 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 the energy credit part of the investment tax credit must not be taken into account when figuring 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 AM); and
- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code AM).

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.

Recordkeeping	2 hr., 9 min.
Learning about the law or the form.	12 min.
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.
