

IRS Tax Credit for Purchase of Biomass Appliances

Due to the enactment of the Budget Reconciliation Act (also known as "One Big Beautiful Bill"), the IRS Energy Efficient Home Improvement tax credit will expire after December 31, 2025. Consumers buying eligible wood stoves, pellet stoves, or larger residential biomass heating systems can still claim the 30% tax credit – capped at \$2,000 annually – based on the full cost (purchase and installation) of the unit if it is installed prior to the end of the year.

What is this tax credit?

Definition: The Energy Efficient Home Improvement Tax Credit is a federal tax credit available to homeowners who make qualified energy-saving improvements to their primary residence in the United States.

Effective Dates: The tax credit under Sec. 25(C) of the U.S. Internal Revenue Code ("IRC" or "tax code") took effect on January 1, 2023, for qualifying purchases and installations completed on or after that date, through December 31, 2025. As of July 4, 2025, the credit will expire after December 31, 2025.

Credit Amount: The credit allows taxpayers to claim 30 percent of the purchase and installation costs (capped at \$2,000 annually) for qualifying products made in tax years 2023 through December 31, 2025.

Qualifying Products:

Biomass-fueled heaters (e.g., wood and pellet stoves)
Must meet 75% efficiency or higher, based on the Higher Heating Value (HHV) of the fuel.

As of 2025, the EPA-certified wood heater database must be referenced to verify eligibility.

New in 2025:

Qualified Manufacturer (QM) Number required when filing taxes for purchases made in 2025. This number will be provided by the retailer once the IRS finalizes the issuing process. (Jotul Number M8T2)

Qualifying Stove Models

Jøtul F 500 V3 Oslo

Jøtul F 500 V3 Oslo CF

Jøtul F 602 V3

Jøtul C 550 V2 Rockland

Jøtul C 550 V2 Rockland CF