179D - Energy Efficient Commercial Building Tax Deduction

For New Construction or Renovated Buildings from 2006-Present

The Energy Efficient Commercial Buildings Tax Deduction, more commonly known as the 179D deduction, was enacted as a part of the Energy Policy Act of 2005. This deduction was made available to building owners and designers as a way to incentivize energy efficient building designs and renovations. To determine eligibility, the project has to have been placed in service or renovated on or after January 1, 2006. If the project qualifies, the tax deduction can be put on an original return, **no amending needed.**

Lighting System

HVAC & Hot Water Systems

Building Envelope

What are the deductions?

There are three building systems that can be modeled to determine if they exceed the corresponding ASHRAE Standards: Lighting Systems, HVAC and Hot Water Systems, and Building Envelopes. The total deduction can yield up to $1.80-$1.88 per square foot (up to $5.81 per square foot for projects after January 1. 2023).

What buildings qualify?

A common misconception is that buildings have to be LEED certified to qualify for the deduction. To qualify for the deduction, buildings have to exceed the ASHRAE Standards set by the Code. Commercial buildings, multi-family residential, industrial buildings, government, and non-profit are example of buildings that may qualify.

Multi-Family Residential Buildings

Buildings of four or more stories, including apartments, high rises, and dormitories.

Commercial Buildings

Commercial buildings can qualify as long as its use is for commercial purposes.

Industrial Buildings

Buildings used for industrial purposes (industrial process systems are excluded).

Government & Non-Profit

Deductions can be allocated to the designers of non-tax paying entities.

Contact Us Today

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