



179D Energy Efficient Commercial Building Federal Tax Deduction



YOU HAVE QUESTIONS. WE HAVE ANSWERS.

What?

The 179D Federal Tax Deduction (179D) is for commercial buildings which have installed energy efficient measures as part of the commercial building's interior lighting systems, heating, cooling, ventilation, and hot water systems, or building envelope. The amount deductible under section 179D may be as much as, but not to exceed, \$1.80 per square foot of building floor area for buildings that achieve a 50-percent reduction in energy and power costs. Buildings that achieve a reduction in energy and power costs of less than 50-percent may qualify for a deduction of \$0.60 cents per square foot of building floor area if the building achieves a reduction in energy and power costs based on the table below.

1. Whole building qualification with 50% energy and power cost savings shown through energy modeling.
2. Partial qualification for envelope, HVAC and HW, and lighting with energy and power cost savings with threshold options:

Date Placed in Service	Envelope	HVAC	Lighting
1/1/12 – 12/31/16	10 %	15 %	25 %

What Are the Requirements and How Much is the 179D?

3. Partial qualification through the interim lighting rule based on reductions in installed lighting power.
 - 179D provides an interim lighting rule, which is an alternate method of calculating a partial deduction for interior lighting systems. This rule provides a partial deduction for part or all of the cost of certain energy efficient commercial building property installed as part of a lighting system that reduces the lighting power density of the building by more than 25 percent (50 percent in the case of a warehouse).

What Qualifies?

Commercial buildings (any size), new or renovations
Apartments, four or more stories, for lease

Who Gets the Deduction?

Building owner or lessee at the time of building improvements
Public buildings -the owner may allocate the deduction to the designer (architect, engineer, contractor, environmental consultant or energy services provider) for the taxable year that includes the date on which the property is placed in service.

Items Needed from Builder:

1. Current set of architectural plans that includes floor plans
2. Energy compliance documents for lighting, HVAC and envelope (Title 24 or IECC)
3. EnergyPro File - computer file used to generate T-24 documentation

What is the ConSol 179D Service Process?

1. Review of existing Title 24 or International Energy Conservation Code (IECC)
2. Review of building lighting, HVAC and envelope systems for 179D qualification
3. Site visit
4. 179D certification and documentation

NEED MORE INFO?



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Links

- Case Study: [Majestic Realty Co. Qualifies for Federal Energy Tax Deductions by Installing Energy Efficient Lighting](#)
 IRS 2012-17 Notice: http://www.irs.gov/irb/2012-17_IRB/ar08.html
 IRS 2008-14 Notice: http://www.irs.gov/irb/2008-14_IRB/ar12.html
 Notice 2008-40: <http://www.efficientbuildings.org/PDFs/n-08-40.pdf>
 Notice 2006-52: <http://www.efficientbuildings.org/PDFs/internal-rev-bulletin06-26.pdf>