

Commercial Building Tax Deduction for AEDs

For government-owned buildings, the designer can claim the deduction.

The IRS has issued guidance allowing designers to claim the tax deduction for certain energy-efficient features in government-owned buildings.

The designer can include an architect, engineer, contractor, environmental consultant, or energy services provider who creates the technical specifications for a new building or an addition to an existing building that incorporates energy-efficient commercial building property.

The Building Tax Deduction

Section 179D provides a tax deduction of up to \$1.80 per square foot of building area for the installation of systems that reduce the total energy and power costs by 50 percent or more when compared with a reference building. The building systems eligible to secure the tax deduction include: Interior lighting systems; Heating, cooling, ventilation, hot water systems; and Building envelope systems.

Maximize Your Tax Benefits:

- Compliance and certification services: Energy-efficient building certification to qualify for tax benefits
- Energy-efficient building incentives review: Identify unclaimed benefits for completed projects
- Research and development credits: Federal and state research credits may be available for cutting-edge or patentable sustainability efforts



Empowering our clients by maximizing their benefits.

Empowering our clients by maximizing their benefits.

Property Types:

- Available for new construction and existing buildings such as retailers, distribution centers or warehouses, hotels, parking garages, industrial/manufacturing facilities, office buildings, and apartments (4 or more stories)
- Available for tenant-owned improvements, rental apartment buildings 4 stories or more, and primary designers of government-owned buildings

- Available for new construction and existing buildings
- Incentives for: lighting, HVAC, building envelope

We Can Help:

We provide Energy-Efficient Commercial Building Tax Deduction Certification (per IRS requirements to claim the deduction) to help companies pay less tax and save more money. If you believe you qualify for this deduction and want to increase your cash flow, contact us today.

Do You Qualify – Best Cases:

- Deductions based on improvements over ASHRAE 90.1 2001
- Energy-efficient improvements must be depreciable assets
- Available for property located in the U.S. and placed in service after December 31, 2005
- 75,000 sqft building or greater

Square Footage	Lighting Minimum Deduction \$.30/sqft	Lighting Maximum Deduction \$.60/sqft	HVAC Maximum Deduction \$.60/sqft	Building Envelope Maximum Deduction \$.60/sqft	Building Maximum Deduction \$1.80/sqft
75,000	\$22,500	\$45,000	\$45,000	\$45,000	\$135,000
100,000	\$30,000	\$60,000	\$60,000	\$60,000	\$180,000
250,000	\$75,000	\$150,000	\$150,000	\$150,000	\$450,000
500,000	\$150,000	\$300,000	\$300,000	\$300,000	\$900,000
1,000,000	\$300,000	\$600,000	\$600,000	\$600,000	\$1,800,000

Key Points:

- Accelerated deduction: allows for immediate expensing of costs otherwise capitalized and recovered through depreciation over 27.5 or 39 years
- Available for tenant-owned improvements; rental apartment buildings (4 stories or more); designers of government-owned buildings
- Property types: retailers, distribution centers, hotels, parking garages, industrial facilities, office buildings, apartments (4 stories +)
- For property placed in service after December 31, 2005



Robert J. Brewer, CPA, CCIFP, Partner
A&E Niche Practice Leader
516.256.2420
rbrewer@grassicpas.com



50 Jericho Quadrangle
Jericho, NY 11753
grassicpas.com

