



An Engineer's Guide to 179D Tax Deductions



ENERGY EFFICIENT

179D

COMMERCIAL BUILDINGS TAX DEDUCTION

What is the 179D Tax Incentive

The Section 179D tax deduction is a compelling federal tax incentive available to companies designing and constructing energy-efficient systems in commercial buildings.

Who qualifies to claim the 179D?

Many companies can qualify to claim the Section 179D deduction. In addition to commercial building owners, other companies such as architects, engineers, general contractors, construction managers, energy service providers, and specialty contractors (mechanical, electrical, glazing, etc.) may qualify for their work on buildings owned by government and non-profit entities. In other words, the powerful savings potential is also available to those involved in the design and construction industry.

Eligible building systems

Section 179D is eligible for work performed on three systems: interior lighting, HVAC (heating, cooling, and ventilation) and hot water, and building envelope.

How is it Calculated?

For a building to achieve a Section 179D tax deduction, an energy analysis is conducted for the eligible systems that were impacted in the construction project. This analysis can be performed on any combination of the three eligible systems; HVAC and hot water, interior lighting, and building envelope (roof/walls/windows).

In summary, the analysis compares the annual energy costs of a proposed building and the annual energy costs of a reference building to determine the percentage of annual energy cost savings. The resulting percentage of savings determines the dollars-per-square-foot deduction rate that will be applied to the building.

You may qualify to receive a deduction of up to \$5 per square foot!



Learn more on Episode 40 "An Engineer's Guide to 179D Tax Deductions" with guest Abby Massey, PE, PMP, LEED AP, Vice President - Energy Incentives at TaxTaker

Contact your local Hobbs Account Executive at HobbsAssociates.com for assistance in VA, TN, MD, AL