

179D Federal Energy Tax Deductions

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all of your energy tax questions

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What are the requirements?

- Must reduce total annual energy and power costs with respect to the interior lighting, systems, heating, cooling, ventilation and hot water systems by 50%, but partial deductions are allowed
- Energy simulation is required to justify the deduction
- Inspection and testing must be completed by a qualified engineer or contractor registered in the jurisdiction

How much is the deduction?

- **Maximum deduction** - \$1.80 per ft² equals 50% reduction in total annual energy and power costs (compared to a reference building that meets the minimum requirements of ASHRAE Standard 90.1-2001); not to exceed the amount equal to the cost of energy efficient commercial building property placed in service during the taxable year
- **Partial deduction** - \$.60 per square foot = 162/3% reduction for building envelope, HVAC and service hot water systems and lighting
- **Partial deduction (interim lighting)** - \$.30 - .60 per ft² = 25 - 40% reduction in lighting power density (50% in case of warehouse)

What qualifies?

- Commercial buildings (any size)
- Apartments, four+ stories, for lease
- Commercial energy renovations

Who qualifies for the deduction?

- Building owner 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 tax year that includes the date the property is placed in service

What is the eligibility time frame?

- Units must be completed or renovated after December 31, 2005 but before January 1, 2014

What is needed from the builder?

- Current full set of architectural plans that includes all specifications
- Energy compliance documents for lighting, HVAC and envelope (Title 24 or IECC)
- EnergyPro File - computer file used to generate T-24 documentation
- A contact person and phone number

What do I get from a 179D review?

- FTD certificate package - requires documentation for deduction
- Provide review of existing T-24 or IECC to verify compliance with current code requirements
- Review building lighting, HVAC and envelope systems for Federal Tax Deduction qualification
- Contract for analysis and certification documentation

How do I claim the deduction?

- The deduction is taken on the "Other Deductions" line of the taxpayer's return
- Tax returns may be amended going back three consecutive tax years

UPCO will provide you with a summary of compliance, Department of Energy certified software and engineer or contractor verification documentation.

According to your preference, UPCO will provide all documentation in either paper or electronic format.

For more information, please contact Bill Adams, CPA, JD at 888-287-0335 or email wjadams@urishpopeck.com