

179D Energy TAX DEDUCTION



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The 179D Energy Efficient Commercial Buildings Tax Deduction codified as section 179D of the tax code was enacted as part of the Energy Policy Act ("EPAAct") of 2005 to enable building owners and certain designers to claim a deduction for placing energy efficient buildings and renovations into service.

Building owners and certain designers can claim the deduction in the year the building or renovation was placed into service. Designers such as architects, engineers, and contractors can claim the deduction for government-owned buildings.

BASICS OF THE DEDUCTION

There are three building systems that are evaluated and modeled to verify that they meet the minimum American Society of Heating, Refrigeration, and Air-Conditioned Engineers ("ASHRAE") standards, and each system can yield up to \$0.60 per square foot, including the following:

- Building Envelope
- HVAC and Hot Water Systems
- Interior Lighting Systems

Buildings that achieve at least a 50% overall energy efficiency can claim \$1.80 per square foot of building space. In the instance where the entire building does not meet at least a 50% overall energy efficiency, each system is modeled independently to determine energy efficiencies within each system calculated at \$0.60 per square foot, and the deduction is then computed based on each building system.

Since 1991 Dan Martinez & Assoc. LLC (M&A) has provided our clients with tax reduction strategies in electrical and natural gas utility studies saving our clients hundreds of thousands of dollars in tax savings. The Energy Efficient Commercial Building Tax Deduction – 179D enhances our value proposition and delivers additional tax savings to our clients.



www.danmartinez.com



sales@danmartinez.com



(281) 494-7394

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