



Maximize Your Benefits with the 179D Energy Efficiency Deduction

WHAT IS THE 179D ENERGY EFFICIENCY DEDUCTION?

The 179D tax deduction is a tax break offered by the federal government. It is also known as the Energy Efficient Commercial Buildings Deduction.

The goal of the 179D deduction is to motivate building owners, designers, and government contractors to invest in energy efficiency by offering financial benefits.

These benefits help the environment by conserving energy and provide substantial tax savings for businesses and individuals undertaking energy-efficient construction or renovation projects.

Who can benefit?

The 179D tax deduction helps those involved in making commercial buildings more energy efficient. This includes building owners, designers, architects, government contractors, and some tenants.

When are projects eligible?

Energy-efficient improvements and renovation projects are eligible. These improvements can include interior lighting, heating and cooling systems, and the building envelope. Eligible projects must meet a minimum total of 25% in energy savings for the entire building to claim the deduction.

How much money can you save?

You can receive a deduction based on how much energy the project saves. By adding energy-saving upgrades like better heating and cooling systems, improved building insulation, and efficient lighting, you can get a deduction of up to \$5.00 per square foot for your project.



WHAT'S NEW WITH THE 179D DEDUCTION?

The Inflation Reduction Act has significantly expanded the benefits of the 179D tax deduction, making it more attractive for those investing in energy efficiency for commercial buildings.

- **The energy savings threshold has lowered.** Previously, your projects needed to reach 50% in energy savings to qualify. Now, you only need to achieve 25%.
- **The deduction has increased.** Now, you can get up to \$5.00 for each square foot of your building, up from just \$0.50. This increase depends on how much energy you save and labor practices.
- **The deduction is available to non-profit organizations.** Under the IRA, non-profit 501(c) organizations can pass this deduction on to the people who design the building—like architects, engineers, or contractors.
- **The deduction no longer has a lifetime limit.** You can now claim this deduction every three years.



Where can I learn more about the 179D Energy Efficiency Deduction?

Are you ready to explore the expanded benefits of the 179D tax deduction for your commercial building projects? Contact an energy advisor today.

