

Inflation Reduction Act - 179D

WHAT IS 179D?

179D is a federal tax deduction from the Energy Policy Act of 2005 & newly added Inflation Reduction Act of 2022 that allows taxpayers to deduct the cost of energy efficient systems installed in commercial buildings. Eligible buildings that meet the 50% requirement over ASHRAE Standard can receive **up to \$5.65/sqft tax deduction** for installing lighting, HVAC, and building envelope. The tax deduction also allows for partial tax deductions. These incentives were designed to encourage owners of private buildings as well as designers & architects of government or public buildings to invest in energy efficient facilities and systems for their facilities.

In the last two years alone, EDSS has saved building owners and architects over \$600 Million in tax deductions and rebates for our clients.



WHAT TYPE OF WORK IS ELIGIBLE?

- NEW CONSTRUCTION
- REMODELS
- ADDITIONS
- TENANT-OWNED LEASEHOLD IMPROVEMENTS
- UPGRADED FACILITIES

WHO CAN RECEIVE THE DEDUCTION?

Commercial Building Owners
Designers of Buildings Owned by:

- GOVERNMENT ENTITIES
- NOT-FOR-PROFIT ORGANIZATIONS
- CHURCHES
- HOSPITALS
- PRIVATE SCHOOLS AND UNIVERSITIES
- PRIVATE FOUNDATIONS
- POLITICAL ORGANIZATIONS



DEDUCTION AMOUNTS- \$\$\$

FOR BUILDINGS PLACED IN SERVICE ON OR AFTER JANUARY 1, 2023
(and ground breaking prior to January 31, 2023)

Sliding scale of \$2.68/sqft for energy savings of 25% and for every 1% of additional reduction above 25% it will provide an additional \$0.11/SF of deduction up to \$5.65/SF

Buildings completed prior to 2023 are still eligible for 179D at a max of:

- \$1.88/sqft (placed in service in 2022)
- \$1.82/sqft (placed in service 2021) &
- \$1.80/sqft (placed in service in 2020)

Commercial buildings can be certified and claimed once every three years if privately owned and once every four years if government owned and allocated to the designer starting in 2023.



*Get a **FREE** preliminary review from EDSS to determine what you could be eligible for. This helps make room in your budget during the planning phase!*



179D PROJECT SUCCESS STORIES

Deductions obtained
(Ranging from \$1.26/ SF - \$5.65/ SF)

Church

22,500.0 SF @ \$3.50 deduction

Total Deduction: \$78,750.00

*Building Placed In Service 2023

Big Box Store

150,350.0 SF @ \$1.26 deduction

Total Deduction: \$189,441.00

*Building Placed In Service 2022

Hospital

434,632.0 SF @ \$1.88 deduction

Total Deduction: \$817,108.16

*Building Placed In Service 2022

Restaurant

10,250.0 SF @ \$5.65 deduction

Total Deduction: \$57,912.50

*Building placed in service in 2024

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