

# 179D Federal Energy Tax Deductions

Reduce total annual energy and power costs with respect to the building envelop; interior lighting; and heating, cooling, ventilation and hot water systems by 50% in commercial buildings. Partial deductions are allowed <sup>1</sup>.

Energy simulation is required to justify the deduction. Inspection and testing must be completed by a qualified engineer or contractor registered in the jurisdiction.

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## Maximum Deduction

50% reduction in the total energy costs → \$1.80 per square foot (*compared to a reference building meeting the minimum requirements of ASHRAE 90.1-2001*). Not to exceed the cost of energy efficient commercial property placed in service.

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## Partial Deduction <sup>1</sup>

- \$ 0.60 per sq. foot → 16 2/3% deduction for building envelope
- \$ 0.60 per sq. foot → 16 2/3% deduction for HVAC & service hot water systems
- \$ 0.60 per sq. foot → 16 2/3% deduction for lighting
- OR \$ 0.60 per sq. foot → 10% for envelop and 20% for HVAC/water and lighting
- Interim Lighting Rule: \$ 0.30 - \$ 0.60 per sq. foot = 25 – 40% reduction in Light Power Density (50% for warehouses).

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## Qualifying Properties include:

- Commercial buildings (any size)
- Apartments, 4 or more stories, for lease
- Commercial energy renovations

## Qualifies for the deduction:

- Building owner OR
- Public buildings, owner may allocate the deduction to the designer (architect, engineer, contractor, environmental consultant or energy services provider) for the taxable year that includes the date on which the property is placed in service.

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**Pro-Tec Energy is an engineering firm, staffed by professional licensed engineers, specializing in building energy analysis and modeling.**

**Contact Pro-Tec to find out if your building or project might qualify.**

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