

Section 179D Energy Efficiency Tax Credits Reinstated



Federal tax law 179D was recently reinstated and provides significant tax deductions for building owners—and, in certain circumstances, building designers, for new or renovated commercial buildings that meet certain energy saving standards. This deduction is for qualified commercial buildings with energy efficient lighting, HVAC, hot water, and building envelope systems that have been placed in service between January 1, 2018 and December 31, 2020.

What systems qualify for this deduction?

Three categories are included in the energy savings standards:

- Building envelope (roof, windows, insulation, ceilings, etc.)
- Heating, ventilation & cooling (HVAC) and hot water systems
- Interior lighting fixtures



Who qualifies?

- Commercial building owners
- Designers of Federal, State or Local government-owned facilities: architects, engineers, contractors and others

Each one of these elements has the potential of a tax deduction of up to \$0.60 per square foot for a possible total of \$1.80 per square foot. The actual deduction received will depend on energy savings of the components in the final design. (Note: contact us to learn more about eligibility standards.)

The Commercial Building Tax Deduction— Section 179D refers to the Department of Energy (DOE) and Internal Revenue Services' (IRS) collaborative effort to provide significant tax deductions for building owners and, for government buildings, the building designers—for new or renovated commercial buildings. Building owners may qualify for this deduction if energy efficiency upgrades were put in service after January 1, 2018.

Here are a few examples:

Building size	Envelope (up to \$0.60/sf)	HVAC & HW (up to \$0.60/sf)	Lighting (up to \$0.60/sf)	Maximum potential deductions
20,000 SF	\$12,000	\$12,000	\$12,000	\$36,000
50,000 SF	\$30,000	\$30,000	\$30,000	\$90,000
80,000 SF	\$48,000	\$48,000	\$48,000	\$144,000
100,000 SF	\$60,000	\$60,000	\$60,000	\$180,000
200,000 SF	\$120,000	\$120,000	\$120,000	\$360,000
500,000 SF	\$300,000	\$300,000	\$300,000	\$900,000

Contact **Criterion Engineers** today.

criterion-engineers.com

800.242.1969

