



EPACT §179D TAX DEDUCTION

If your company owns or leases commercial buildings, and you have built, installed or retrofitted the property to be more energy efficient, you may be eligible to deduct all or part of the costs associated with the construction, installation or retrofit.

The Energy-Efficient Commercial Building Tax Deduction, or §179D, provides a tax deduction of up to \$1.80 per square foot for the installation of systems that reduce the total energy and power costs by 50 percent or more when compared to an ASHRAE standard reference building.

LIGHTING ≥ 25%



\$.60/SF

HVAC ≥ 15%



\$.60/SF

ENVELOPE ≥ 10%



\$.60/SF

- Buildings placed in service between 2016-2022 will be compared to ASHRAE 90.1-2007
- At least 50% more efficient than ASHRAE 90.1-2001 for buildings placed until 2015
- Up to \$1.80 per square foot tax deduction
- Partial deductions available - \$.60/SF per system
- Modeling on IRS-approved software required

These thresholds apply to projects that were completed on or after February 24, 2012. For projects completed on or before February 23, 2012, the thresholds are: Lighting: ≥ 20%, HVAC: ≥ 20%, Envelope: ≥ 10%.

Interim Lighting



- 25-40% more efficient = \$0.30-0.60 tax deduction
- Watts per square foot or lighting power density calculation
- Bi-level switching and automatic shut-off must be incorporated
- Determining usability of the EPAct §179D deduction

Determining usability of the EPAct §179D deduction

- Must be paying federal income tax
- The 179D deduction can be claimed for projects placed in service after January 1, 2006, by filing a Form 3115



Selecting projects – criteria

- Includes new construction, renovations and additions
- Non-profit buildings do not qualify

Defining the complimentary assessment through Source Advisors

- Upload MEP/Architectural drawings and building specs to our team of engineers via our secure server
- Completed estimate includes the amount of the potential tax deduction and the fee per square foot to certify the project

What to expect with Source Advisors as your partner

- Will consult with your CPA to determine your firm's ability to use the deduction
- A free assessment of your projects
- All modeling conducted in-house using IRS-approved software
- Complimentary service in drafting the Allocation Form and obtaining signatures
- Detailed documentation to support the deduction with complimentary audit support

Why Source Advisors?

- Consulting on federal and state tax benefits since 1983
- Clients range from small, independent companies to the Fortune 500
- Technical, engineering and CPA teams with significant Big Four experience
- Only senior staff work with your team
- We optimize your time with minimal on-site intrusion
- Complimentary review and estimate