



\$179D ENERGY EFFICIENT COMMERCIAL BUILDING TAX DEDUCTION

The §179D Tax Deduction provides commercial building owners, and designers of buildings owned by public entities and designers of tax-exempt entities the opportunity to claim a tax deduction for installing qualifying energy-efficient buildings.

HIGHLIGHTS

- ✓ Tax deduction range between \$1.80/sq. ft. to \$5.65/sq. ft.
- ✓ Deductions available for new construction or renovation including interior lighting, building envelope and HVAC
- ✓ In the case of government entities and nonprofits, 179D can be allocated to an eligible designer.

DEDUCTION CALCULATOR

Building Size (sq. ft)	Placed Into Service Before 2023	Placed Into Service During or After 2023
50,000	\$94,000	\$282,500
250,000	\$470,000	\$1,412,500
500,000	\$940,000	\$2,825,000

(*chart assumes maximum deductions)

PRICE

10% OF DEDUCTION IDENTIFIED

WHO IS ELIGIBLE TO CLAIM:

- ✓ Commercial and Residential Building Owners
- ✓ Real Estate Developers
- ✓ Real Estate Investment Trusts (REITs)
- ✓ Designers: Architects, Engineers, General Contractors, Environmental Consultants, Energy Service Providers

THE IMPACT OF THE INFLATION REDUCTION ACT

The Inflation Reduction Act of 2022 improved 179D by adding eligibility, increasing the deduction to \$5.65 per sq. foot, and removing the lifetime cap.



HOW DO YOU KNOW IF YOUR BUSINESS QUALIFIES FOR 179D?

If you check any of the boxes below, you may qualify!

☐

Do you own any energy efficient buildings?

☐

Have you made improvements to energy efficient features like HVAC, interior lighting or building envelope (the walls, windows, roof, and insulation)?

☐

Is your building 50,000 sq. ft. or larger?



\$45L ENERGY EFFICIENT HOME TAX CREDIT

The \$45L provides builders, contractors, and developers the opportunity to claim a tax credit for designing and constructing energy-efficient homes.

HIGHLIGHTS

- Maximum credit amount up to \$5,000 per dwelling
- The energy savings must be certified by a qualified third party, such as a Residential Energy Services Network (RESNET) Home Energy Rater or an equivalent.
- It can be combined with other federal, state, and local energy efficiency incentives, potentially enhancing the overall financial benefits for developers and builders.

BUILD TYPES THAT BENEFIT FROM THIS:

- Multi-Family
- Apartment Buildings
- Condominiums
- Assisted Living Facilities
- Dormitories
- Single Family Homes

These changes apply to newly constructed or retrofitted dwellings leased or sold after January 1, 2023. The credit has a 3-year look back period, and can often can be carried forward for up to 20 years.

THE IMPACT OF THE INFLATION REDUCTION ACT

The Inflation Reduction Act impacted the 45L tax credit by increasing credit amounts, changing the certification from RESNET to Energy Star or Zero Energy Ready Home (ZERH), removing the 3-story height restriction, eliminating the reduction in basis for Low-Income Housing Tax Credit (LIHTC), and adding a local prevailing wage requirement.

CREDIT CALCULATOR

# of Units	Placed Into Service Before 2023	Placed Into Service During or After 2023	
	IECC 2006	Energy Star	DOE ZERH
100	\$200,000	\$250,000	\$500,000
250	\$500,000	\$625,000	\$1,250,000
500	\$1,000,000	\$1,250,000	\$2,500,000

(*chart assumes maximum credit)

PRICE

25% OF CREDIT IDENTIFIED



HOW DO YOU KNOW IF YOUR BUSINESS QUALIFIES FOR 45L?

If you check any of the boxes below, you may qualify!

☐

Have you built or developed multi-family or single family homes?

☐

If you purchased a building, did you make energy efficient retrofits?

☐

Have you built or renovated these buildings in the past 3 years?

☐

Is your building more than 20 units?