

Greener building. Greater tax benefits.

The purpose of the 179D Energy Efficient Commercial Building Deduction is to incentivize the design and construction of energy efficient commercial buildings. The 179D deduction was originally established by the Energy Policy Act of 2005, was permanently codified in 2020, and most recently enhanced by the Inflation Reduction Act of 2022.

Who's eligible?

The tax deduction is available to commercial building developers, and can also be allocated to architects and engineers designing buildings for tax-exempt entities including: government buildings, churches, hospitals, private schools and universities, private foundations, and political organizations.

ENERGY SAVINGS PERFORMANCE	DEDUCTIONS	
	25%	50%
Pre-2023	NA	\$0.63/SF–\$1.88/SF
2023 and beyond	\$0.50/SF–\$2.50*/SF	\$1.00/SF–\$5.00*/SF

**Bonus for meeting prevailing wage requirements*

What improvements are eligible?

The tax deduction is available for both new buildings and retrofits to existing ones, and could be used to offset the cost of the following energy-efficient systems:

1. Building envelope
2. Lighting systems
3. Heating, ventilating, and air conditioning (HVAC)
4. Hot water systems

WE'VE GOT IT COVERED

Our tax and engineering professionals can help explore your tax benefits available with the expansion of the 179D rules.

25-50%

efficiency increase required

Up to \$5 per sq. ft.

new maximum deduction

Eligible Buildings include, but not limited to:

- Multi-family (>4 stories)
- Hospitality
- Retail
- Warehouse/Flex
- Office
- Schools

How to qualify for the 179D tax incentive?

A Section 179D study is required to determine eligibility to claim this deduction.

1. Complimentary evaluation

Construction drawings are collected and the building design is reviewed to evaluate the project's eligibility for the deduction. An estimate of the deduction can be provided at this time.

2. Analysis

A detailed energy model of the building is created, comparing the building's energy and cost performance to a standard reference building. The deduction is calculated based on energy cost savings achieved. An on-site physical inspection is conducted to verify the energy efficient systems in the building.

3. Certification and documentation

A professional engineer, licensed in the state where the building is located, must provide documentation certifying the property meets Section 179D's requirements. Form 7205 is completed and included in the entity's tax return.

What's new

The Inflation Reduction Act of 2022 enhanced the 179D deduction and includes important changes that affect building owners and designers. The expanded tax benefit includes updates to the value of the 179D deduction, adds new eligible building types, changes the calculation method, and adds a deduction reset.

Investing in greener building can reduce energy costs and lead to valuable tax deductions.

Whether you've previously taken advantage of energy-efficient tax deductions, or you're just learning about them, it's important to partner with a trusted firm for Section 179D and other technical tax incentives. Kaufman Rossin has CPAs and licensed professional engineers on staff who understand how to maximize the new provisions. Get in touch with one of our partners to evaluate your project and determine if you qualify for this tax deduction.

Learn more at [kaufmanrossin.com](https://www.kaufmanrossin.com)

WHO WE ARE

Kaufman Rossin is a Top 100 firm and awarded Best of Accounting for Client Satisfaction. Here's some other distinctions for our firm:



500+
employees



60
years experience



25+
industries served



7
offices in
Florida, Texas
and New York



3
international offices
in Cayman Islands,
Côte d'Ivoire
and India



#1
ranked Best
Places to Work

KAUFMAN ROSSIN