

THE 179D DEDUCTION

Energy-Efficient Tax Deduction

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WHAT IS THE 179D Deduction?

The Energy Efficient Commercial Buildings Deduction, or 179D Deduction, rewards architects, engineers, and subcontractors for energy-efficient projects on tax-exempt or some private sector properties.

Companies can receive up to \$1.88 per square foot for improvements that exceed current energy thresholds. Due to changes in the Inflation Reduction Act, the deduction's maximum reward has increased from \$1.88 per square foot to \$5.00 per square foot for qualifying projects from 2023 onwards.

ELIGIBLE IMPROVEMENTS

Architecture and engineering firms are typically responsible for designing and fitting a building's **technical specifications**.

Technical specifications can be seen as:



Building envelope

Energy efficient construction or improvements to walls, windows, roofs, and doors

Lighting Systems

Construction or improvements to building lights for energy efficiency



Heating, ventilation, and air conditioning (HVAC) systems

Improvements relating to energy efficient HVAC systems

WHO CAN CLAIM IT?

- ✓ ARCHITECTS
- ✓ LIGHTING DESIGNERS
- ✓ MEP ENGINEERS
- ✓ CONTRACTORS

TAX EXEMPT BUILDINGS*



Government Buildings

Colleges/Universities

K-12 Schools

Hospitals

Churches

Non-profit

*Other Buildings May Also Be Tax-Exempt

SHORT/LONG TERM SAVING

- 179D provides short-term savings to the designer on their taxable income that year.
- 179D also promotes long-term savings for the building owner by having lower energy consumption year after year.

HOW MUCH IS THE DEDUCTION?

2022 and Prior	Up to \$1.88 per sqft
2023 and Forward	Up to \$5.00 per sqft