

# 179D: ENERGY EFFICIENT COMMERCIAL BUILDINGS TAX DEDUCTION

## What Is It?

179D is a federal tax deduction for building upgrades that support energy efficiency. This includes lighting, HVAC systems and improvements to the building envelope. This deduction has existed since 2006 but was recently made permanent.

## How it Works

You will need a third-party certification to verify the efficiencies in order to claim this deduction. At Verde Solutions, we are happy to coordinate that on behalf of our clients.

## Eligible Buildings Include:

- ✓ Offices
- ✓ Apartments/Dormitories
- ✓ Retail
- ✓ Hotels
- ✓ Parking Garage
- ✓ Industrial Warehouse

## Value of Deduction

The value depends on the scope of improvements. This could be \$0.6/SF, \$1.20/SF, or \$1.80/SF. For example, a strictly lighting improvement could be eligible for the \$0.6/SF deduction while a lighting, HVAC, and building envelope upgrade could be eligible for \$1.80/SF. The deduction will end up being the improvement of site square footage multiplied by the affixed rate.