

Energy Policy Act of 2005 (EPAAct) 179D & Energy Efficient Home Credit 45L



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What is 45L?

A credit to an eligible contractor who constructs a qualified new energy efficient home. For qualified new energy efficient homes (other than manufactured homes), the amount of the credit is \$2,000.

A dwelling unit may qualify for the credit if:

1. It is located in the United States;
2. Construction is substantially completed after August 8th, 2005;
3. It meets the energy saving requirements of § 45L (C)(1);
4. It is acquired from the eligible contractor after December 31st, 2005 for use as a residence.



45L Federal Tax Credit

More and more residential builders today are becoming aware of the IRS's 45L tax credit of **\$2,000 per unit** for energy efficient new construction. But too many of them are discouraged by complicated paperwork and the prospect of dealing with the federal government to get their money.

To help these businesses qualify for the tax credits they're due, EDSS has one of the largest staff of RESNET raters and providers in the country. With our support, obtaining certification – and your \$2,000 – is easier than ever.

Qualifying to be a 45L certifier is a rigorous process. To begin with, you have to be an independent operator with no connections to the contractors you're reviewing. You also have to be authorized to use specific, approved energy performance measurement methods to ensure that your analysis is accurate and reliable.

EDSS's team of professional energy analysts meets all of these criteria. These resources make us an ideal resource for builders looking to ensure that their projects meet all requirements for eligibility.

- Extensive experience with energy efficient construction practices and materials
- Diverse staff, registered architects, professional engineers, interior designers,
- Lighting designers
- Errors and omissions insurance

These requirements are specific to an exacting degree. For dwelling units to qualify, they must provide a level of heating and cooling energy consumption that's at least 50% below that of comparable unit built in accordance with earlier standards. The building envelope must also be highly efficient, with heating and cooling energy consumption that's at least 10% below those of a comparable unit. There are particular ways to calculate consumption and cost savings, and directions regarding reporting and recordkeeping that must be followed to the letter.

That's where EDSS comes in. You can count on our team to offer the guidance and expertise you expect from a true partner, so you can be confident that when you do what it takes for your projects to qualify, you'll be able to receive every dollar that you're due.

In addition to the tax credits, active builders cannot afford to pass up the marketing opportunities offered by "green" building. Homeowners are increasingly interested in green solutions and lower energy bills, and it's easy to see why construction that's compliant with 45L tax credits and how you can begin benefitting immediately from today's most energy-efficient building systems and solutions.

179D EAct Tax Deduction

179D allows tax payers to deduct the cost of energy efficient property installed in commercial buildings. The maximum deduction allowed is **\$1.80/ sq ft** for a building exceeding the ASHRAE 90.1 standards for lighting, HVAC, and building envelope. The tax deduction allows for up to \$0.60/ sq ft for each system separately.

Deductions are available to the owners of private projects or the designers of public projects for reducing the energy use of commercial buildings 50% over the ASHRAE standard.



In the last two years alone, EDSS generated over **\$200 Million** in tax deductions and rebates for their clients.



Federal Section 179D:

- » Encourages private building owners to invest in energy efficient buildings and systems.
- » Encourages energy efficient design of government owned facilities by allowing for the allocation of the deduction to the designer.
- » **Provides tax deductions (not tax credits) for:**
 - New construction
 - Remodels, upgrades, and expansions of existing buildings
 - Tenant owned leasehold improvements
 - Eligible projects "placed in service" during 2006 until 2013.

Three levels of 179D qualifications:

Level 1: To qualify for \$0.30 - \$0.60 deduction, an energy improvement must be made in one of the three areas and improve the energy use by 25% - 40% or more.

Level 2: To qualify for \$1.20 deduction, an energy improvement must be made in two of the three areas and improve the energy use by an aggregate of 33-1/3% or more.

Level 3: To qualify for \$1.80 deduction, an energy improvement must be made in all three areas and improve the energy use by an aggregate of 50% or more.

Square Footage	Lighting Minimum Deduction \$0.30/sqft	Lighting Maximum Deduction \$0.60/sqft	HVAC Maximum Deduction \$0.60/sqft	Building Envelope Maximum Deduction \$0.60/sqft	Building Maximum Deduction \$1.80/sqft
75,000	\$22,500	\$45,000	\$45,000	\$45,000	\$135,000
100,000	\$30,000	\$60,000	\$60,000	\$60,000	\$180,000
250,000	\$75,000	\$150,000	\$150,000	\$150,000	\$450,000
500,000	\$150,000	\$300,000	\$300,000	\$300,000	\$900,000
1,000,000	\$300,000	\$600,000	\$600,000	\$600,000	\$1,800,000

179D for Architects

Design firms can benefit from the Energy Policy Act of 2005 with tax deductions allocated to properties designed for federal, state and local governments. These building types may include public schools, airports, parking garages, prisons and military bases.

Our comprehensive process identifies qualified energy-efficient components that may produce immediate tax deductions for architects and designers of government-owned buildings and for private owners of commercial buildings placed in service from January 1, 2006 to the end of 2013. We simplify the process so that we can maximize the benefit to your bottom line.



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