

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



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179D EPAAct 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 owner of private project or designer of public project for reducing the energy use of a commercial building 50% over the ASHRAE standard.

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.

Federal Section 179D:

- » Encourages private building owners to invest in energy efficient buildings and systems.
- » Encourages the 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.

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.



Energy Efficient Home Tax Credit 45L

45L Credit Has Been Extended

The federal tax credit for energy efficient homes, 45L, has been extended from January 1st, 2010 to December 31st, 2011. The \$2,000 tax credit for builders who build energy efficient homes may apply to projects dated back through 2006.

Choose EDSS as your partner for 45L

All of our 45L documents are:

- » RESNET certified.
- » An architect verifies and certifies each document.
- » An engineer verifies and certifies each document.
- » Insured.



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