

Turn Energy Efficiency Into Significant Tax Savings

179D Epact Tax Deduction

What Is The 179D Epact Tax Deduction?

The Energy Policy Act of 2005 (EPAct) created the Energy-Efficient Commercial Building Tax Deduction, also known as the 179D deduction. This tax incentive encourages developers to construct commercial buildings that are energy efficient. Additionally, an update in the Inflation Reduction Act incentivizes taxpayers to pay fair wages and hire apprentices for commercial construction projects.

Inflation Reduction Act Update

Signed into law on August 16, 2022, the Inflation Reduction Act (IRA) extended and updated 179D. One of its major changes has been the introduction of a “bonus rate” for projects meeting labor standards. Additionally, energy-savings requirements were altered to make them more achievable against the updated ASHRAE standards. Retrofit rules have also been updated to reflect the unique circumstances of renovation projects.

What Are The Requirements?

New construction or retrofits must achieve energy savings between 25%-50%. For the bonus deduction, laborers must be paid prevailing wage minimums, and qualified apprentices must perform a required number of hours. (12.5% in 2023, and 15% in 2024)

What Types Of Buildings Qualify?

Pre-2023

- Commercial buildings (any size)
- Residential buildings (4 stories or more)
- Governmental buildings

2023 and Later

- Commercial buildings (any size)
- Residential buildings (4 stories or more)
- Governmental buildings
- Buildings owned by not-for-profit organizations
- Houses of worship
- Buildings owned by Tribal organizations
- Not-for-profit schools and universities

How to Get Started

Whether you're a building owner, designer or contractor who has implemented energy-efficient components in your commercial property, you could be eligible for substantial tax deductions under the 179D Energy Policy Act. At Engineered Tax Services, we're here to help you capitalize on these savings.

Begin your journey by consulting with one of our specialty tax experts. Discover the potential savings you could unlock with a complimentary 179D analysis today!

Call us at **800.236.6519** or visit
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