



Commercial Building Energy Efficient Tax Deduction

Up to \$1.80 per square foot for new and upgraded buildings

The Energy Efficient Commercial Building Tax Deduction, IRS 179D, also called EPACT, was designed to reward owners of commercial buildings who now must comply with higher energy efficiency standards.

Section 179D allows up to \$1.80 per square foot in deductions for new buildings or those who have upgraded one or more of their building's three components:

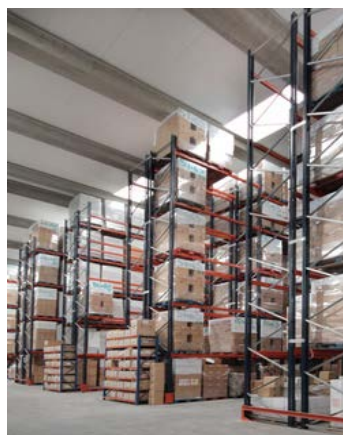
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|-------------------|------------------|-------------------|
| Interior Lighting | HVAC & Hot Water | Building Envelope |
|-------------------|------------------|-------------------|

You can take the Section 179D deduction if you are:

- Owners of energy efficient commercial or multifamily properties built or retrofitted since 12/31/2005.
- Architects, engineers, ESCOs, and designers of energy efficient municipal building projects. (LEED certified buildings easily qualify.)

The 179D deduction provides a one-time accelerated depreciation for commercial, multifamily, and public agency-owned facilities. This benefit, which is vastly misunderstood and underused by most building owners, provides a significant reduction in taxes for those who have retrofitted their buildings with energy efficient upgrades.

To qualify for the Section 179D tax deduction, the IRS requires an independent, third party energy tax study.



Section 179D Benefits

For Building Owners

- Can provide more current cash flow by expensing assets earlier than normal methods.
- Lowers net income for tax purposes in earlier years.
- Frees up capital and tax savings for other projects.
- Provides a valuable tax incentive that encourages businesses to purchase new assets and energy efficient upgrades.
- Provides additional tools to reduce the amount of federal taxes paid. Deferring future taxes may be favorable for later years if the company is in a lower tax rate or the Federal government reduces tax rates.
- Let's not forget about the time value of money and the long-term effects it could have.

For Architects, Engineers and Designers

- Architects, Engineers and Designers of energy efficient municipal buildings may be allocated the deduction since municipal buildings do not pay federal tax.
- The deduction does not trigger income.
- Municipal buildings can allocate to the primary designer or among several designers.

Section 179D provides three methods to receive a deduction

	Method 1	Method 2			Method 3
	Full Qualifying Property	Partial Qualifying Property			Interim Lighting Rule
		Envelope	HVAC	Lighting (permanent Rule)	Placed in Service before publication of final 179D regs
2006 to 2016: Energy & Power Cost Reduction Requirement*	50%	10%	20%	20%	25% to 40% LPD Reduction (50% LPD Reduction for Warehouse) + other factors
Tax Deduction	\$1.80/sf	\$0.60/sf	\$0.60/sf	\$0.60/sf	\$0.30 to \$0.60/sf (using applicable % from 2006-52)

*as compared to a reference building that meets ASHRAE 90.1-2001 standards



This table shows the potential EECBTD deductions for which your property may be eligible.

Square Footage	Lighting Minimum Deduction \$.30/sqft	Lighting Maximum Deduction \$.60/sqft	HVAC Maximum Deduction \$.60/sqft	Building Envelope Maximum Deduction \$.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



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Get Your Tax Deduction in 4 Easy Steps:

1. Call us at 715.340.2970 to register and pre-qualify.
2. We will review your Title 24 reports or other documents if available. If not, we will schedule a technician to visit your facility.
3. Our engineers will input the data in DOE certified software to verify your deduction levels.
4. We will send you a certified report for you to submit to your tax preparer.

As an energy efficiency firm working with mechanical engineers throughout the country, Schultz Energy Consulting has experts and engineers who do energy modeling and 179D certification.

We make the 179D deduction simple. We offer a complete turnkey solution—documentation and certification—to building owners and architects who want to take advantage of a major tax deduction they deserve. Increase your ROI and decrease your tax liability with a 179D certification for your energy efficient facility.