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179D DEDUCTION FOR DESIGNERS

WHAT is the 179D Deduction?

- Federal incentive that rewards energy-efficient construction and design
- Available for newly constructed, renovated, or expanded properties
- Deduction is per square foot – the larger the property, the larger the benefit
- Recent legislation increased the maximum benefit to $5.81/SF (with adjustment for inflation)
- Under the One Big, Beautiful Bill Act, the 179D Deduction may be only claimed on properties that begin construction by 6/30/2026.

WHO Can Claim the 179D Deduction?

- Architects
- Engineers
- Contractors
- Energy Service Providers
- Environmental Consultants

Working on Government Buildings or Properties Owned by Tax-Exempt Entities:	
Government Offices	Libraries
K-12 Schools	Tribal-Owned Properties
Courthouses	Religious Institutions
Universities	Non-Profits
Military Bases	Hospitals

HOW Do Designers Claim the 179D Deduction?

- Need to have impacted the building envelope, interior lighting, or HVAC system of a newly constructed, renovated, or expanded property
- Energy analysis, inspection, and certification by a qualified third party is required
- Building owner will allocate the Deduction to designer using an Allocation Letter

WHY Should Designers Claim the 179D Deduction?

- Designers can take the entire Deduction amount as benefit
- Example: Renovation of part of state university system in 2/2023
  - Affected area: 33,960SF
  - Designer: Electrical construction and engineering firm
  - Total Deduction: $182,026

WANT TO LEARN MORE?

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VISIT - https://capstantax.com/179d-energy-deduction/