

Last Year for the §179D IRS Tax Deduction

Now that it's tax season, don't forget to review current and past energy efficiency projects to see if they qualify for the §179D tax deduction. Those interested in this deduction need to be aware that it expires at the end of 2013. This ALG Connections highlights a timely article published by the [Capital Review Group](#) that provides guidance for individuals looking to take advantage of this tax deduction before it's too late.

§179D of the Internal Revenue Code supports the Energy Policy Act of 2005, it is an incentive that provides full and partial tax deductions for investments in commercial building improvements designed to increase energy efficiency. Qualifying improvements can be in the areas of lighting, HVAC and the building envelope. The deduction is up to \$.60 per square foot for each of these three measures - a potential for \$1.80 per square foot. This deduction may be taken on renovations or retrofits to existing buildings as well as new construction. The act requires a reduction in annual energy and power consumption per subsystem to the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) Standard 90.1-2001.

Don't let §179D benefits expire without taking advantage of this tax deduction for energy saving projects

To qualify for the §179D tax deduction, energy efficiency projects must have been started after January 1, 2006 and completed by December 31, 2013. This means that in addition to reviewing projects dating back to 2006, it can be advantageous to consider accelerating current and future projects to assure their completion by the end of 2013.

It is important to note that the act specifies when the project must be completed, not when the deduction has to be taken. Even after §179D expires at the end of 2013, projects completed within the window are still eligible.

This tax deduction can provide major benefits to building owners, designers and contractors. Don't let §179D expire without taking advantage of this tax deduction for energy saving projects. Examples of projects that may qualify are renovations that improve lighting and/or cooling efficiency, upgrades to mechanical equipment as part of a maintenance program, and/or improvements to the building envelope.

For more information on the §179D tax deduction, read the [full article](#) written by Wayne Haggstrom, published by the [Capital Review Group](#) in December 2012.

ALG Online dedicates an entire section to [Energy Policies and Programs](#) discussing the wide range of federal, state, mandated and recommended lighting policies, codes and standards that regulate and inform lighting design and equipment. This section also reviews the wide range of voluntary efficiency and sustainability programs ranging from nationwide whole-building programs to local utility or federal tax incentive programs for specific efficiency measures.

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