

# INFLATION REDUCTION ACT OF 2022

## §179D Energy Efficient Commercial Building Deduction For-Profit Building Owners

Owner Nets **\$408,000** in Tax Savings

### The Client

A successful manufacturer in the Southeast constructing a new, state-of-the-art facility.

### The Challenge

The manufacturer had taken advantage of cost segregation to accelerate deductions but was looking for additional tax-savings. The client was concerned about qualifying because they did not adhere to the prevailing wage and apprenticeship (PWA) requirements throughout construction.

### The Approach

The manufacturer worked with their 179D Team to determine the viability of a 179D study on their new facility.

### The Solution

The 179D Team substantiated physical construction began prior to Jan. 29, 2023 and the facility fell under a safe harbor. PWA requirements were not required, allowing the client to claim the full \$5.36 per square foot deduction.

### The Results

The 179D Team conducted the site visit, created and certified the energy models using IRS & DOE approved software, and prepared draft Form 7205, creating a turn-key deduction for the building owner.

### Project Overview

- Client Type – *Manufacturer*
- Property Type – *Manufacturing facility*
- Study Year – *2023*
- Project Type – *New Construction*

### Qualifying Systems

- Interior Lighting – *Yes*
- HVAC & Hot Water – *Yes*
- Building Envelope – *Yes*

Square Feet Analyzed	Deduction	Marginal Tax Rate	Tax Savings
195,000	\$1,045,000	39%	\$408,000

### The Recommendation

With the bonus deduction rate at \$5.00 per square foot (indexed to inflation), now is the time to revisit the §179D deduction. Partner with us to assess viability, handle the entire process, and be assured fees are commensurate with the value provided.

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