



OTHER ENERGY AND ENVIRONMENTAL SAVINGS

With energy cost getting more and more attention from business owners and managers alike, we are finding many ways to help offset the cost of new equipment installations. Beyond your traditional and well-known utility rebates and savings from reduction in consumption, there are other ways to help offset the cost of new equipment. One of these little known ways is through a tax deduction. The use of 179D Energy Efficient Commercial Buildings Deduction is worth a closer look.

Although most green deductions are based on the amount spent, this tax deduction is primarily focused on affected square footage. Candidates most likely to qualify for these deep savings will generally have improvements with a square footage of at least 50,000 square feet. Most obvious candidates include manufacturers and regional or national chains with multiple locations, as well as commercial real estate owners.

This legislation offers a tax deduction of up to \$1.80/square foot to those investing in energy efficient improvements placed in service after January 1, 2006. The program has been extended to December 31, 2013.

A wide range of improvements, from simple lighting retrofits to full-scale construction projects, qualify for this timely tax break. Eligible improvements must reduce energy use for any of the following categories: a building's envelope, HVAC (Heating, Ventilation, & Air Conditioning), and/or interior lighting systems.

Tax savings can be significant. For example, an owner of a 50,000 square foot building could see a tax break of between \$15,000 - \$30,000 for improved lighting, \$30,000 for more efficient HVAC and another \$30,000 for tightening up the envelope of the



building. This is a total of \$90,000 in potential tax deductions, all the while realizing the savings associated with reduced consumption.

This green deduction offers enormous savings. We find that many building owners are not familiar with this opportunity or how to take advantage of the program. Although stringent documentation and compliance are required, we will walk clients through the process of how they can reduce their carbon footprint and realize major tax savings at the same time.

The basis for this deduction is a detailed engineering analysis, as prescribed by the IRS. The analysis that must be certified by a qualified third party.

Taylor Consulting has business relationships with companies that are qualified to certify and secure the lucrative tax and financial benefits offered by the 179D tax deduction. To learn more about this or other cost savings programs please contact our Vice President for New England, Bill Riordan, at 888-317-3923.