

REAL ESTATE



Timothy Tikalsky, Tax Stockholder
ttikalsky@rina.com
925-210-2180
1220 Oakland Blvd., Suite 300
Walnut Creek, CA 94596
www.rina.com



Q Can I get a deduction for making my commercial building more energy efficient?

A Yes. The commercial building deduction, which was enacted in the Energy Policy Act of 2005, allows owners and leaseholders to deduct the cost of energy-efficient property installed in commercial buildings.

The amount deductible may be as much as \$1.80 per square foot of building floor area for buildings that achieve a 50-percent energy savings target. The Act provides that buildings below the 50-percent threshold may, nevertheless, qualify for a deduction of up to 60 cents per square foot of building floor area if they meet a 16 2/3rd percent energy savings target.

Before claiming the deduction, the taxpayer must obtain a certification that the required energy savings will be achieved. In addition, the Department of Energy will create and maintain a public list of software that must be used to calculate energy savings for purposes of providing the certification.