



# KBKG TAX INSIGHT: ENERGY EFFICIENCY TAX INCENTIVES EXTENDED AND MADE PERMANENT

*Authors: CJ Aberin, CCSP*

After months of negotiations, Congress will pass a \$900 billion COVID-relief package along with a \$1.4 trillion spending package that funds the government for the 2021 fiscal year. President Donald Trump is expected to sign and enact this bill.

In addition to providing a second round of COVID relief, the spending bill includes tax relief for businesses via numerous tax extenders, including many that would have expired at the end of 2020. Among these tax breaks are various provisions for energy-related tax credits and incentives.

## **Key energy tax provisions impacting the real estate industry include the following:**

### **§45L Energy Efficiency Tax Credits Extended for Multifamily & Residential Developers through 2021**

Low-rise apartment developers and homebuilders are eligible for a \$2,000 tax credit for each new or rehabbed energy efficient dwelling unit that is first leased or sold by the end of 2021. The

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energy efficiency criteria remain unchanged from before. Taxpayers also have the ability to amend returns to claim missed tax credits from previous years. » [Find out if you qualify](#)

## **§179D Energy Efficiency Tax Deductions Made Permanent for Commercial & Government Buildings**

Tax deductions of up to \$1.80 per square foot for energy efficient commercial building property have been made permanent. Deductions will increase annually, starting in 2021 to account for inflation. Likewise, the energy efficiency criteria have been made more stringent to use the most recent version of the ASHRAE Standard 90.1, published two years before the start of construction. Previously, energy cost savings were simulated against a reference building using ASHRAE Standard 90.1-2007.

Architects, engineers, and designers of government-owned buildings remain eligible for these deductions as well. » [Find out if you qualify](#)

[Contact us](#) today to find out more about the 45L tax credit or the 179D deduction and how it impacts you.

**Author:** [CJ Aberin, CCSP](#)

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### **About the Author**



#### **CJ Aberin, CCSP – Principal**

CJ Aberin is a Principal at KBKG and oversees the [Green Building Tax Incentive](#) practice from our Pasadena headquarters. Over the last several years, CJ has performed [Green Building Tax Incentive](#) studies and [Cost Segregation](#) for clients in various industries that range from Fortune 500 companies to individual real estate investors. » [Full Bio](#)