

# EPAct 179D Update: How does the Budget Act of 2018 impact your lighting projects?



On February 9, 2018 Congress passed the "Bipartisan Budget Act of 2018" which included retroactively extending the 2017 extension of EPAct 179D. If you've completed any lighting upgrades in the last year, you may benefit greatly from this extension.

The EPAct 179D extension means that any renovation or new construction of a commercial or governmental building completed in 2017 may now be eligible to receive a tax incentive of up to \$1.80/sq.ft.

Based on this extension, you'll need to gather any information on projects you completed in 2017 to include the EPAct benefits in your 2017 tax returns.

## What is EPAct 179D

The Energy Policy Act was created in 2005. It provides tax savings for builders, architects, and engineers that utilize energy saving improvements in their new construction or remodel projects.

In section 179D of the act, it lays out that the maximum tax deduction for a project is \$1.80 per square foot of the space.

This section of the act is a tremendous help to businesses that install energy savings alternatives into their buildings such as lighting retrofits, by putting tax dollars back into their pockets.

## What impact could EAct 179D have on your business?

The goal of this legislation is to continue to incentivize business to make capital improvements in their facilities, but how does it actually work?

*. . . Under (old) law, if a store spent \$500,000 on expanding its showroom, it would only be allowed to deduct less than \$13,000 of the expansion costs in the first year, with depreciation spread out over nearly four decades.*

*However, under the (recently-passed) bills, the same store would be allowed to deduct \$250,000 from its tax bill the first year and then spread out the remaining \$250,000 over the next 14 years, freeing up more money early on for further investment.*

To be clear, we're not tax experts, but with this latest extension, any project completed in the entire year of 2017 could result in a significant financial impact for your organization. If you do not oversee the tax returns for your company, make sure to pass this along to those that do and keep them in the loop.