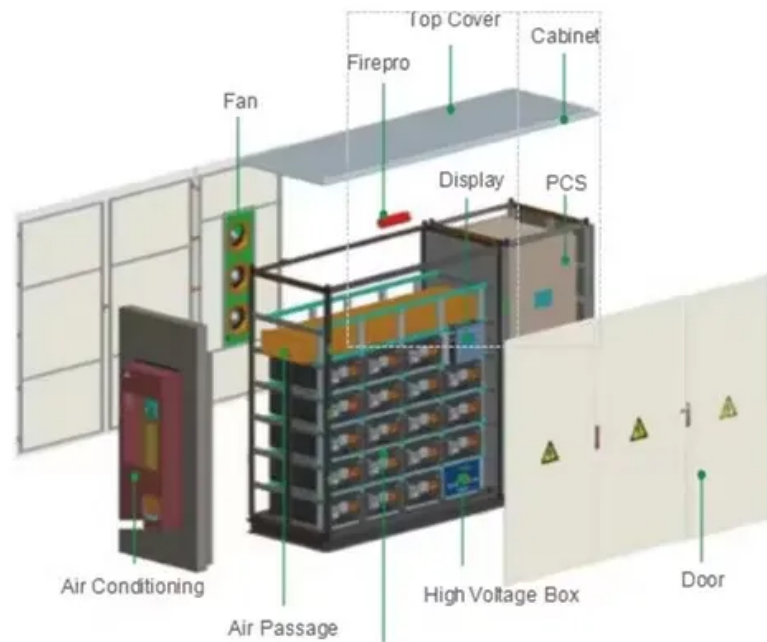


# Scope of income tax deduction for energy storage projects



## Overview

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Section 179D of the Internal Revenue Code (hereafter referred to as 179D) provides federal tax deductions for placing in service (installing) eligible energy-efficient property in commercial buildings. 179D was amended by the Inflation Reduction Act Subsequently, the One Big Beautiful Bill Act . is-Bacon wage and Registered Apprenticeship (DB/RA) standards. the aggregate amount of the deductions under subsections (a) and (f) with respect to the building for the 3 taxable years immediately . Building owners who install new equipment aimed at improving the energy efficiency of their properties may be able to claim a tax deduction to offset some of the costs of the equipment. NEW! Energy Efficient Commercial . For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties. Technology-neutral tax credit for investment in facilities that generate clean electricity and qualified energy .

## Scope of income tax deduction for energy storage projects

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### [Page 1: Solar Tax Credits for Building-Related Energy Projects](#)

As Notice 2025-42 only concerns solar and wind generation projects, energy storage projects can mark "beginning of construction" under either the 5% Safe Harbor or the Physical Work

### Tax Deductions for Commercial Buildings

DOE's 179d Portal hosts two free tools to estimate potential federal tax deductions for installing eligible energy-efficient technologies in commercial buildings for qualifying upgrades beginning in tax year



### The State of Play for Energy Storage Tax Credits

The energy storage industry has continued to progress over the course of 2024 and into 2025, buoyed in significant part by the federal income tax benefits in the form of tax credits enacted

### Energy efficient commercial buildings deduction

An increased deduction may be available for increased energy savings or meeting prevailing wage and apprenticeship requirements. The deduction is allowed under Internal Revenue Code (IRC) Section





## 26 U.S. Code ? 179D

There shall be allowed as a deduction an amount equal to the cost of energy efficient commercial building property placed in service during the taxable year.

## The State of Play for Energy Storage Tax Credits

Energy storage was one of the major beneficiaries of the IRA's new rules on both the deployment and manufacturing sides. The IRA enacted the long-sought investment tax credit (ITC)



## Energy sector tax provisions in "One Big Beautiful Bill"

This document serves as a quick guide to the provisions in the legislation affecting the energy sector. The focus is particularly on clean energy initiatives, emphasizing the important changes to tax

## 179D Energy Efficient Commercial Buildings Tax Deduction

The tax deduction amount for both pathways increases five-fold when projects meet additional 179D criteria as statutorily defined: (1) prevailing wage requirements, and (2) apprenticeship requirements.



## Clean Energy Tax Incentives for Businesses

Provides a tax deduction for the cost of energy



efficiency improvements to commercial buildings, installed as part of the building envelope; interior lighting systems; or the heating, cooling, ventilation, and hot

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