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PIMA Praises New IRS Rule on Commercial Building Deduction

May 14, 2008 Bethesda, MD – The Internal Revenue service recently released new rules further clarifying the tax deduction available to taxpayers for commercial building energy efficiency under the Energy Policy Act of 2005. The reissued regulations concern partial deductibility and allow insulation upgrades to be part of a retrofit envelope system that qualify for favorable federal tax treatment.

In order to qualify for the partial deduction under the original rules, a building required 16.67% whole building savings for either an envelope system, a HVAC system, or a lighting system. The IRS recognized that adjusting the rule allowed the intent of Congress to be fulfilled by allowing more buildings to qualify for the deduction – specifically in envelope retrofit situations. The new rules only require a 10% whole building savings for an envelope system to qualify and 20% whole building savings for a HVAC or lighting system to qualify.

“The new IRS regulations are a significant positive step for building owners who strive to retrofit an existing building into a more energy efficient structure,” noted Jared Blum, President of PIMA. “Given the potential for energy savings available nationwide among existing buildings, the new regulations will ease the process for those who plan to take advantage of this important deduction.”

The rule in its entirety can be found at www.irs.gov/irb/2008-14_IRB/ar12.html.

About PIMA

For 20 years, the Polyisocyanurate Insulation Manufacturers Association (PIMA) has served as the unified voice of the rigid polyiso industry proactively advocating for safe, cost-effective, sustainable and energy efficient construction. PIMA’s members, who first came together in 1987, include a synergistic partnership of polyiso manufacturers and industry suppliers. Polyiso is one of the Nation’s most widely used and cost-effective insulation products available.

For continued updates and additional information on this important topic visit www.polyiso.org, or contact a polyiso manufacturer.