

## Notice 2006-52

### *Deduction for Energy Efficient Commercial Buildings*

#### **.04 Partially Qualifying Property: Energy Efficient Heating, Cooling, Ventilation, and Hot Water Property.**

(1) In General. Energy efficient heating, cooling, ventilation, and hot water property is partially qualifying property, within the meaning of section 2.01 of this notice, that satisfies both of the following conditions:

(a) The property is installed as part of the heating, cooling, ventilation, and hot water systems of a building; and

(b) It is certified that the heating, cooling, ventilation, and hot water systems that have been incorporated into the building,

or that the taxpayer plans to incorporate into the building subsequent to the installation of such property, will reduce the total annual energy and power costs with respect to combined usage of the building's heating, cooling, ventilation, hot water, and interior lighting systems by **16-2/3** percent or more as compared to a Reference Building that meets the minimum requirements of Standard 90.1-2001.

The required 16-2/3-percent reduction must be accomplished solely through energy and power cost reductions for the heating, cooling, ventilation, and hot water systems.

Reductions in any other energy uses, such as receptacles, process loads, refrigeration, cooking, and elevators, are not taken into account in determining whether the 16-2/3-percent reduction is achieved.

#### (2) Maximum Amount of Deduction.

(a) In General. The deduction for the cost of energy efficient heating, cooling, ventilation, and hot water property installed on or in a building shall not exceed the excess (if any) of—

(i) the product of \$0.60 and the square footage of the building, over

(ii) the aggregate amount of the § 179D deductions allowed with respect to energy efficient heating, cooling, ventilation, and hot water property installed on or in the building for all prior taxable years.

(b) Application to Multiple Taxpayers. If two or more taxpayers install energy efficient heating, cooling, ventilation, and hot water property on or in the same building, the aggregate amount of the § 179D deductions allowed to all such taxpayers with respect to the building shall not exceed the amount determined under section 2.04(2)(a) of this notice.

## **Notice 2008-40**

### **Amplification of Notice 2006-52; Deduction for Energy Efficient Commercial Buildings**

#### **SECTION 7. CHANGES RELATING TO PARTIALLY QUALIFYING PROPERTY**

##### **.01 Energy Savings Percentages.**

A taxpayer may apply section 2.05 of Notice 2006-52 by substituting "10" for "16-2/3" in section 2.05(1) of such notice. **If** a taxpayer makes this substitution, the taxpayer must apply sections 2.03 and 2.04 of Notice 2006-52 by substituting "20" for "16-2/3" in sections 2.03(1)(a) and 2.04(1) of such notice.

If § 179D is extended beyond December 31, 2008, the Internal Revenue Service and the Treasury Department expect, in the absence of other changes to § 179D, that the substitute percentages set forth in this section will be the only percentages used in determining whether property placed in service after December 31, 2008, is partially qualifying property.

##### **.02 Limitation on Deduction for Partially Qualifying Property.**

###### **(1) In General.**

If property installed on or in a building is treated as partially qualifying property under sections 2.03, 2.04, and 2.05 of Notice 2006-52, the deduction for the cost of such property shall not exceed the greatest of the following amounts:

- (a) The sum of the deductions allowable under sections 2.03 and 2.04 of such notice;
- (b) The sum of the deductions allowable under sections 2.04 and 2.05 of such notice; or
- (c) The sum of the deductions allowable under sections 2.03 and 2.05 of such notice.

###### **(2) Application to Multiple Taxpayers.**

If two or more taxpayers install property on or in the same building and the deduction for the cost of the property is subject to the limitation in section 7.02(1) of this notice, the aggregate amount of the § 179D deductions allowed to all such taxpayers with respect to the building shall not exceed the amount determined under section 7.02(1) of this notice.