

\$2000/Unit

45L Builder Energy Efficient Home Federal Tax Credit

You Have Questions??

We Have Answers!

<p>What is the 45L Federal Tax Credit?</p> <p>What software is approved for use to calculate the 45L Federal Tax Credit?</p>	<p>45L Federal Tax Credit (45L FTC) tax form 8908 https://www.irs.gov/uac/form-8908-energy-efficient-home-credit</p> <p>IRS Notice 2008-35 https://www.irs.gov/irb/2008-12_IRB/ar14.html</p> <p>List of DOE approved software for calculating the 45L FTC https://energy.gov/eere/buildings/list-approved-software-calculating-energy-efficient-home-credit</p>
<p>Who can claim the tax credit?</p>	<p>The builder/developer of the dwelling units: the "entity" that owns the structure when it was built and financed its construction qualifies for the credit. If this "entity" is owned by multiple investors, the credit is passed through to each investor.</p>
<p>Who is the 45L eligible certifier?</p>	<p>The HERS Rater is the only eligible certifier who can provide signed 45L FTC certificates to builders. Per IRS Notice 2008-35 (<i>see link above</i>), the Rater must provide a statement that field inspections of the dwelling unit performed by the eligible certifier have confirmed that all features of the home comply with design specifications.</p>
<p>What are the requirements?</p>	<ol style="list-style-type: none"> 1) Units must be at least 50% above the 2006 Intl Energy Conservation Code (IECC). 2) Features verified by certified HERS Rater (eligible certifier) 3) Units completed & sold (close of escrow) or leased/rented between January 1, 2014 and December 31, 2016.
<p>How much is the 45L FTC?</p>	<p>\$2,000 per dwelling unit (per address, i.e. 123 Main St #1A).</p>
<p>What types of projects qualify?</p>	<p>Single-family dwellings and multi-family for sale, for lease/rent which are 3 stories or less above grade. ▶ <i>Note on MF: a first story garage or retail counts as 1 story. If the first story is a partially underground parking garage, the garage must be at least 51% underground to not count that as a story. Some of the garage wall can be all covered and other portion can be exposed. It is the weighted average that counts.</i></p>
<p>Can I go back on 2014-2016 projects and get this tax credit?</p>	<p>Yes, as tax filings can be amended up to 3 years from the date of the tax filing.</p>
<p>Does the 45L FTC carry forward?</p>	<p>The unused credit can be carried forward up to 20 years.</p>
<p>If a project does not currently meet the 50% above 2006 IECC, can the project still qualify?</p>	<p>Yes, as additional HERS inspections and diagnostic tests may be used to increase energy features. HERS inspections need to be performed & pass in advance of the 45L FTC certificate date. Contact CHEERS for more details, see contact information below.</p>
<p>Do all units in a project need to qualify to get the tax credit?</p>	<p>No. The 45L FTC is per dwelling unit (per address).</p>
<p>Do low-income projects qualify for the 45L FTC?</p>	<p>The issue is the unit's energy efficiency, not the occupant. Multi-Family structures that qualify for the low-income housing credit can also qualify for the energy tax credit. Please note a qualifying entity cannot sell/transfer the 45L FTC to another entity.</p>
<p>Can non-profit builders qualify for the 45L FTC?</p>	<p>Non-profits are often partners in an entity that builds multi-family structures. Whereas non-profits do not pay taxes and therefore cannot use these credits, the other for-profit shareholder's & partners of the entity most certainly can.</p>
<p>Do retrofits qualify for the 45L FTC?</p>	<p>Yes. Section 45L, IRA Tax Form 8908 defines "new construction" as including "substantial rehabilitation." See bottom of page for more details on retrofit projects.</p>
<p>What is the process?</p>	<ol style="list-style-type: none"> 1) Contact your Rater who can review your projects. If your Rater has not already registered with CHEERS for the 45L FTC please have your Rater contact Francene DuPre (fdupre@cheers.org, 209-351-5576) and she will walk the Rater through the CHEERS 45L FTC process. 2) Your Rater will model each plan in EnergyPro v. 4.7 software (distributed by CHEERS) and then provide CHEERS with the 4.7 CF-1Rs reports and additional details of lots which qualify. 3) CHEERS will review and QC the inputs for accuracy. 4) For all lots that qualify, CHEERS will provide 45L FTC certificates to the Rater (eligible certifier) for signature. 5) Rater will provide signed certificates to builder. 6) Builder files tax form 8908.
<p>What is CHEERS?</p>	<p>CHEERS is the distributor of the EnergyPro 4.7 software. HERS Raters should contact CHEERS who can provide them with the EnergyPro 4.7 software as well offer assistance in navigating the 45L tax credit verification process. For more info please contact: Francene DuPre, CHEERS Director of Sales & Marketing FDuPre@cheers.org Office (209) 473-5025 Mobile (209) 351-5576</p>

Q: Do retrofits qualify for the 45L FTC?

A: Yes. Section 45L defines "new construction" as including "substantial rehabilitation." Section 45L defines "new construction" as including "substantial rehabilitation." So, if substantial rehab took place, then the housing unit can count as new construction. Section 47(c)(C) provides a definition [used for the historic housing rehab tax credit]. For most properties, the following definition requires rehab expenditures in excess of the adjusted basis (typically cost basis minus depreciation):

(C) Substantially rehabilitated defined (i) In general For purposes of subparagraph (A)(i), a building shall be treated as having been substantially rehabilitated only if the qualified rehabilitation expenditures during the 24-month period selected by the taxpayer (at the time and in the manner prescribed by regulation) and ending with or within the taxable year exceed the greater of— **(I)** the adjusted basis of such building (and its structural components), or **(II)** \$5,000.

The adjusted basis of the building (and its structural components) shall be determined as of the beginning of the 1st day of such 24-month period, or of the holding period of the building, whichever is later. For purposes of the preceding sentence, the determination of the beginning of the holding period shall be made without regard to any reconstruction by the taxpayer in connection with the rehabilitation. **(ii)** Special rule for phased rehabilitation In the case of any rehabilitation which may reasonably be expected to be completed in phases set forth in architectural plans and specifications completed before the rehabilitation begins, clause (i) shall be applied by substituting "60-month period" for "24-month period".