

Target Deadline: June 30, 2026 Use this checklist to ensure your commercial retrofit or new build qualifies for the maximum federal tax deduction before the OBBBA sunset.

ELIGIBILITY AUDIT

- ☐ **Building Type:** Is the property a commercial building, a parking garage, or a multi-family residential building (4+ stories)?
- ☐ **Scope of Work:** Does the project include energy-efficient improvements to at least one of the following:
 - Interior Lighting Systems
 - HVAC and Hot Water Systems
 - Building Envelope (Roofing, Windows, Insulation)
- ☐ **Entity Check:** If the building is owned by a tax-exempt entity (Government, Non-profit, School, Tribal), do you have an Allocation Letter naming your firm as the primary designer?

THE “START OF CONSTRUCTION” TEST (MUST MEET ONE BY JUNE 30, 2026)

- ☐ **Physical Work Test:** Has “physical work of a significant nature” begun on-site? (e.g., excavating for the foundation, setting anchor bolts, or permanent installation of components).
Note: Site clearing and design work do NOT count.
- ☐ **5% Safe Harbor Test:** Have you paid or incurred at least 5% of the total cost of the energy-efficient property? (Documented via invoices and accounting records).

MAXIMIZING THE DEDUCTION RATE (\$5.94 VS \$1.19)

- ☐ **Labor Standards:** Have you implemented Prevailing Wage and Apprenticeship (PWA) requirements?
Crucial: If you do not meet PWA, your max deduction is capped at \$1.19/sq. ft. If you meet them, it jumps to \$5.94/sq. ft.
- ☐ **Energy Target:** Has a qualified professional confirmed the project will achieve a minimum 25% reduction in energy/power costs compared to the ASHRAE 90.1 reference building?

REQUIRED DOCUMENTATION FOR FILING

- ☐ **Energy Model:** An IRS-approved software simulation performed by a third party.
Engineer Certification: A certificate of compliance signed by a licensed Professional Engineer (PE) or contractor in the project’s jurisdiction.
- ☐ **IRS Form 7205:** Completed and ready for the 2026 tax year.

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