VENTACITYSYSTEMS
Making Buildings Healthy – Efficient – Smarter

Air Quality in Buildings is Required to Ensure Healthier and Safer Returns

Write Off Up To 100% Of Qualifying Facility Ventilation Improvement Costs

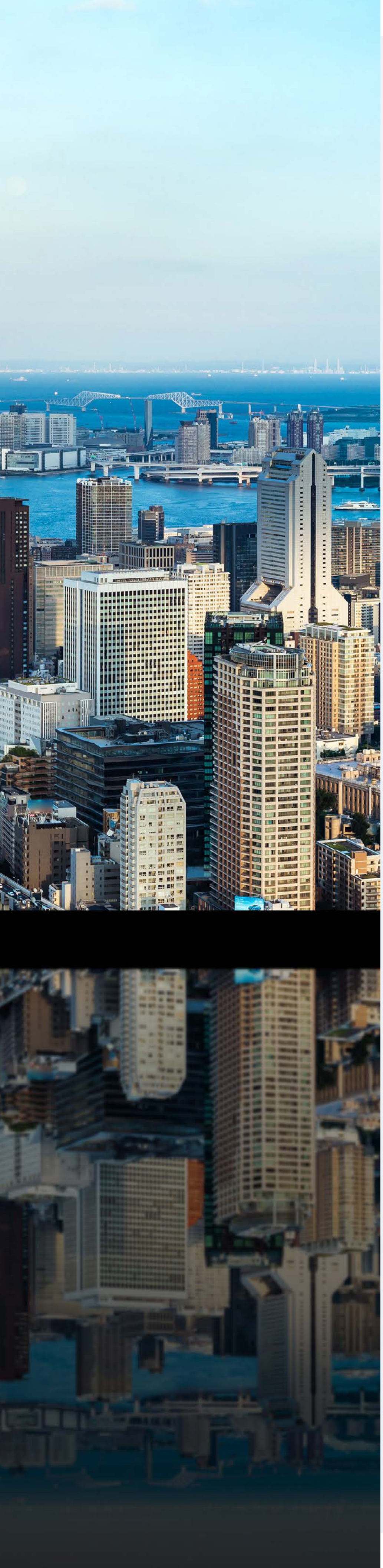
What do you need to know about the 2020 CARES Act tax benefits?

We are navigating challenging times. Many of us are working remotely, learning remotely, and shopping remotely. People want to get back to the office, the school, the shopping center etc.

But…People are concerned about returning to buildings. They want to know that buildings are going to be healthy and safe before they go back. They want to be assured that they will continue to be safe. They want to know that something has been done to make their buildings healthier. The expectations for building health, Indoor Air Quality, and ongoing building safety have likely changed forever. Healthy buildings are no longer on a wish list, but a requirement today.

It may seem surprising, given the economic uncertainty caused by the pandemic, but right now is an excellent time to invest in non-residential facility upgrades.

Here's why: When you invest in upgrades — e.g., install a new HVAC system — you get a tax deduction for the project costs. In the past, this deduction was taken over a 39-year period, resulting in a 2.5 percent write-off each year. That's now changed. The 2020 Coronavirus Aid, Relief, and Economic Stability (CARES) Act allows a full deduction of certain project costs in a single year, without limitation on the size of the project. If you've been waiting for the right time to make major facility upgrades, the wait is over.



What facilities qualify for the full deduction?

Qualified improvement properties (QIPs), including:

- Hospitals and healthcare facilities
- Office buildings
- Factories and plants
- Logistics facilities
- Any other non-residential property

What facility upgrades can benefit from the accelerated deduction?

Non-structural upgrades (including both equipment and installation labor costs) to the interior envelope of existing facilities, including:

- Building management systems
- Ventilation, HVAC and mechanical system upgrades
- Uninterruptible power supplies, switchgear

New tax incentives offer substantial savings and can help accelerate much-needed upgrades to buildings.

The 2020 Coronavirus Aid, Recovery, and Economic Stability (CARES) Act amended Section 168 of the tax code. This deduction, along with the existing Section 179 tax deduction, allows organizations to write off 100 percent of the costs of non-residential, non-structural improvement projects to existing facilities — otherwise known as qualified improvement properties (QIPs).

In the past, these upgrades could be written off across a 39-year-period. Now, they can be written off entirely in year one of the project — a bonus depreciation that creates substantial savings.

This table shows you a fictional example. Let's say an office building spends $1,000,000 on extensive HVAC system upgrades. The tax savings in year one rise from $5,385 before the incentive, to $210,000 — a massive difference.

Impact of the CARES Act on the Section 168 deduction	Section 168 before CARES Act	Section 168 as amended by the CARES Act
Total project cost (equipment and installation)	$1,000,000	$1,000,000
First year tax deduction	$25,641	$1,000,000
Corporate tax rate	21%	21%
Tax savings in year one	$5,385	$210,000
Net project cost in year one	**$994,615**	**$790,000**

* This example is fictional, not a guarantee of actual savings, and is not intended to be tax or legal advice. Tax calculations are complex; consult your tax advisor for more specific guidance.

What else do you need to know about the Section 168 deduction?

- There's no limit on the cost of equipment that can be expensed.
- You can combine it with other incentives, such as renewable energy tax credits and utility rebates, for extra savings.

Ventacity gives your occupants confidence to return to work by making your building healthy, keeping your building healthy and leveraging the data to communicate and optimize the safety of your building.

Discover how we can help you take advantage of the CARES Act incentive today! www.ventacity.com or contact us