

Section 45L Tax Credit Saves Real Estate Construction Firm Over \$350,000



Company Background

An award-winning residential real estate home builder with projects in Georgia and South Carolina was able to take advantage of the Section 45L Energy Efficient Home Credit (Section 45L) to save more than \$350,000. The Company, which was founded in 2004, builds unique residential homes focusing on resource conservation. The Company has five operating locations and 19 employees. Since it was founded, the Company has built more than 4,500 homes generating \$7.1 million in revenue.

Situation

Due to its strong reputation in the real estate and construction industry, the Company reached out to Cherry Bekaert for assistance with claiming tax credits. There are a variety of tax credits and incentives that can benefit builders by reducing the cost of construction through financial incentives to invest in energy-efficient or other environmentally friendly features. By providing tax incentives and credits, homes can be more affordable for buyers.

Guidance

After meeting with Cherry Bekaert's Energy Tax Credits & Incentives team, it was determined that Section 45L would apply. Cherry Bekaert was able to guide the company through the entire assessment and application process.

Recently expanded under the Inflation Reduction Act of 2022 (IRA), Section 45L allows eligible contractors for newly built energy-efficient homes acquired for use as a personal residence to apply for the credit if the home is certified to provide a level of heating and cooling energy consumption that is at least 50% below that of a particular reference home. The energy-saving requirements are to conform to certain Energy Star national program requirements, and the zero-energy ready home program of the Department of Energy. There is a \$5,000 maximum for this credit per home or apartment unit, and it is available through 2032. The bonus credit is five times the base amount, which is \$1,000 for dwelling units that are part of a building eligible to participate, if the project meets prevailing wage and apprenticeship requirements.

Cherry Bekaert performed the following activities:

- ▶ Requested the data required to conduct the study, including a rent roll and the complete architectural and engineering drawings
- ▶ Identified the eligible projects
- ▶ Provided an initial estimate of the credit benefits and cost benefit analysis
- ▶ Oversaw and coordinated the tax credit modeling and inspections that were performed by a qualified engineer Cherry Bekaert had in house or subcontracted
- ▶ Prepared the final report and completed the required tax returns after the calculations were complete

For More Information, Contact:

Ron Wainwright, CPA, MST

Energy Tax Credits & Incentives Leader

rwainwright@cbh.com

Mark Cooter, CPA, PFS

Real Estate Construction & Hospitality Industry Practice Leader

mcooter@cbh.com

Bill Harbeson

Manager, Energy Tax Credits & Incentives

bill.harbeson@cbh.com

Andre Kohn

Senior Associate, Energy Tax Credits & Incentives

andre.kohn@cbh.com

[cbh.com](https://www.cbh.com)



About Cherry Bekaert

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services. For more details, visit [cbh.com/disclosure](https://www.cbh.com/disclosure).

© 2023 Cherry Bekaert. All Rights Reserved. This material has been prepared for general informational purposes only and is not intended to be relied upon as tax, accounting, or other professional advice. Before taking any action, you should consult a professional advisor familiar with your particular facts and circumstances.

v.10.31.2023 Case-Study_45L-Ivey-Group-Real-Estate_1206893242

