

Federal Brownfields Income Tax Deduction - Extended to December 31, 2007

The federal income tax deduction for Brownfields properties has been extended to include eligible environmental costs incurred from December 31, 2005 to December 31, 2007, AND expanded to include both federally defined hazardous substances and petroleum products.

Businesses that own and cleanup contaminated properties may be eligible to take advantage of a federal income tax deduction for expenses incurred by December 31, 2007.

The Federal Brownfields Tax Deduction allows a taxpayer to deduct qualified environmental remediation expenditures at a property held for use in a trade or business or for the production of income. The taxpayer takes the deductions from federal income in the year that the expenditures were paid or incurred, rather than depreciating them over several years.

Remediation expenditures that can qualify include site assessment, investigation and monitoring; remediation activities; operation and maintenance costs; voluntary cleanup program fees; and costs for removal of demolition debris.

With the passage of the 2006 federal Tax Relief and Health Care act, these deductions now can be made for remediation expenses associated with federally defined petroleum products - including crude oil, crude oil condensates, and natural gasoline - incurred from December 31, 2005 to December 31, 2007.

This new tax law also continues the federal income tax deduction for eligible expenses associated with the abatement or control of hazardous substances, as defined under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Additional qualifications:

- * The property cannot be listed or proposed to be listed on U.S. EPA's National Priorities List.
- * The taxpayer must own the property while the eligible expenses are incurred.
- * The property must be held for use in a trade or business or for income.
- * A hazardous substance defined under CERCLA or a federally defined petroleum product (as defined in s. 4612(a) (3) of the federal tax code) must be present or potentially present on the property.

- * Expenses must be "qualified environmental remediation expenditures."
- * The expenses must be paid or incurred by December 31, 2007.