

A cost segregation study potentially increases cash flow by accelerating depreciation-related tax deductions.

#### BENEFIT FROM SERVICES AND SOLUTIONS THAT ARE:

- **Maximizing Tax Savings.** Most properties built or acquired in 1987 or later may qualify for the valuable tax savings produced by a cost segregation study. Proper studies involve a team of engineers who inspect the property, examine blueprints, and categorize assets. Our CPAs work with engineers to document all items eligible for accelerated depreciation and utilize the latest IRS procedures and revenue rulings to calculate the maximum depreciation deduction for each asset.

An example of the potentially dramatic effect of cost segregation is a commercial building currently depreciable over 39 years – the associated parking lot, landscaping, lighting and plumbing fixtures, electrical and ventilation systems, computer lines, furniture, and other items may be depreciated over a shorter useful life than the building in its entirety.

- **Improving Cash Flow.** Shortening the life of depreciable assets results in moving tax deductions into earlier years, and therefore increasing your current tax deductions and improving cash flow.

Are you building, renovating, or purchasing a building? According to publications issued by the American Institute of Certified Public Accountants (AICPA), businesses should consider cost segregation studies whenever the expenditures for a structure – including leasehold improvements – equal or exceed \$750,000.

Cost segregation goes far beyond the identification of furniture, fixtures, and equipment (FF&E). It is a strategic analysis that identifies, segregates, and reclassifies property costs currently being depreciated over a longer term (such as 39 years) to shorter depreciable periods. This process allows businesses to take advantage of tax deductions that they would normally wait years to receive. Additionally, a taxpayer can utilize a properly prepared cost segregation study and reflect the tax benefits on a current return without amending prior year returns.

Current year acquisitions or new construction projects may benefit from a cost segregation study. Additionally, buildings constructed or purchased years ago can also take advantage of retroactive savings.

Types of property that often benefit include:

- Apartments
- Automobile Dealerships
- Banks
- Golf Courses
- Grocery Stores
- Hotels/Motels
- Manufacturing Facilities, Plants, & Warehouses
- Medical Centers & Senior Living Facilities
- Office Buildings
- Retail & Restaurants