



The Nation's Premier Tax Credit and Incentive Firm

 | Engineered Tax Services

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About Engineered Tax Services

Engineered Tax Services is one of the country's only professionally licensed engineering firms that provides best-in-class specialty tax services to CPAs, their clients, architects, engineers and other professional service firms. With over 20 years in business and its team of CPAs, tax attorneys and engineers, Engineered Tax Services helps clients add value to their client relationships by providing

sophisticated strategies like Cost Segregation, research and development tax credits, and other specialized credits and incentives, allowing them to retain more working capital and drive profitability. It has met with the highest level of success under IRS scrutiny, coupled with the highest possible tax savings of any provider in its industry.

Increase Profits From Real Estate Investments

 | Cost Segregation

What Is Cost Segregation?

Cost Segregation is an analysis that itemizes each component within a real estate project and separates the personal, tangible property from real property.

This can result in significant upfront tax savings, allowing a dramatic increase in depreciation within the first few years. It works by classifying tangible property (like flooring, fixtures, and appliances) into shorter class lives (5, 7, or 15 years) instead of the standard 27.5 or 39 years for the entire building, and is applicable to all property types.



How Much Money Could You Save?

Many components can be accelerated via a Cost Segregation study, if your purchase price was \$1 million (for instance), you could accelerate \$300,000-400,000 for much faster depreciation which also qualifies for bonus depreciation. This could significantly reduce your taxable income and improve the return on your investment.

Who Are The Ideal Candidates for Cost Segregation?

If you own real estate purchased or built within the past 15 years and have tax liabilities, a Cost Segregation study could save you money.

This study identifies building components that can be depreciated over shorter periods (5, 7, or 15 years) rather than the standard 27.5 or 39 years. This applies to both residential and commercial properties, like:

- Single Family Homes
- Short-Term Rentals
- Self Storage, Hotels
- Office
- Retail
- Restaurants
- Pharmacies
- Distribution/Warehouse
- And More



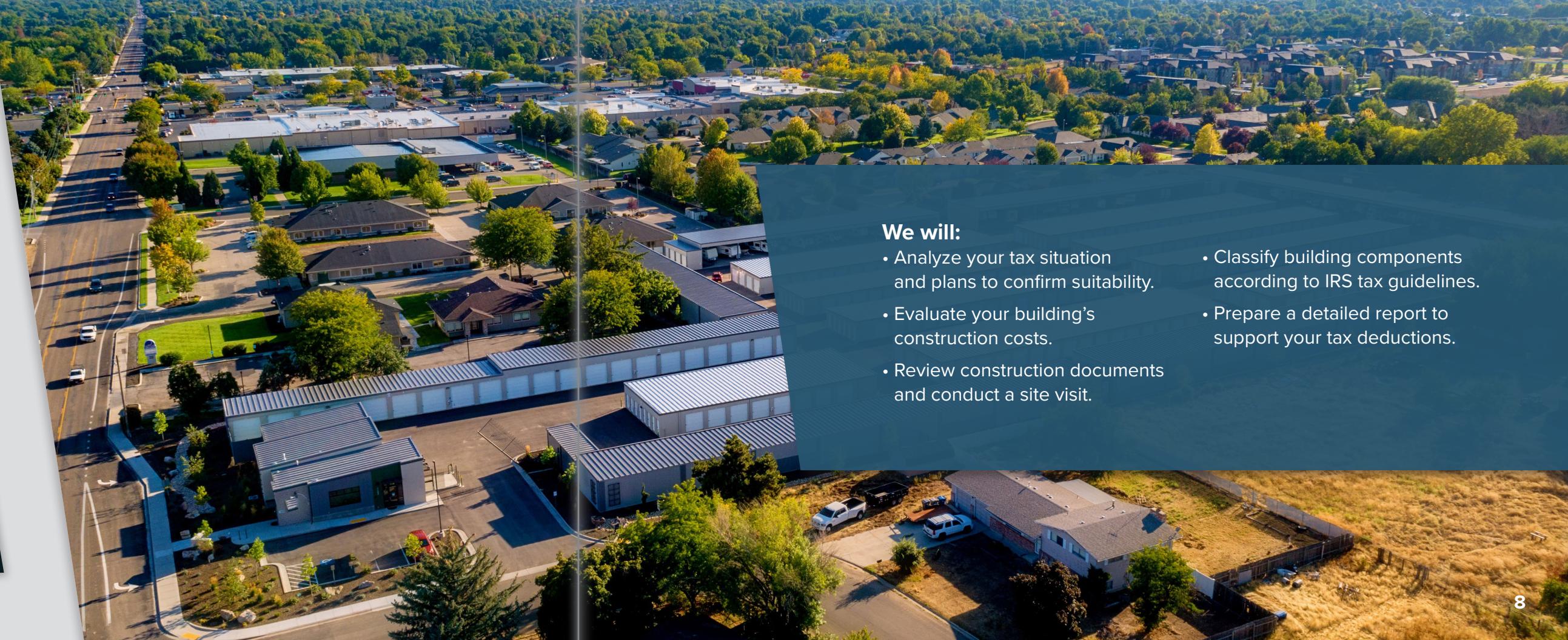
When is Cost Segregation Most Applicable?

At the time of purchase, completion of new construction, major renovations, step-up in basis or inheritance, 1031 exchange, when a client has a liquidity event or taxable event and is looking to reduce tax liability. Cost Segregation can also be applied retroactively without amending.

What we need: For a recent purchase, we'll need the closing statement. For new construction, we'll ask you provide the cost breakdowns. For properties owned longer than 1 year, we'll need the depreciation schedule. From there, we'll provide a detailed cost benefit analysis within 24-48 hours.

Our Process

It's very simple: call us, and we'll handle the rest! Engineered Tax Services will be happy to provide you with a free Cost Segregation feasibility study based on basic building information.



We will:

- Analyze your tax situation and plans to confirm suitability.
- Evaluate your building's construction costs.
- Review construction documents and conduct a site visit.
- Classify building components according to IRS tax guidelines.
- Prepare a detailed report to support your tax deductions.

Fuel Your Innovation

 | Research & Development

What Is The Research & Development (R&D) Tax Credit?

The R&D tax credit is a federal incentive offering a dollar-for-dollar reduction in a company's tax liability, aiming to encourage research and development activities. It is calculated based on a company's eligible wage, supply and contract research expenses.



The **Four-Part Test**

To qualify, the IRS has a four-part test you must pass to be eligible to claim the incentives. Most companies don't know that the development and research activities they're currently doing might already qualify for this tax credit.



Part 1: New or Improved Business Component for Permitted Purpose

The company needs to be trying to develop a new or improved business component. These activities do not need to be successful endeavors. Whether you're successful or unsuccessful, these activities may still pass this part of the test.

**As defined in the IRS regulations,
business components include:**

- Products
- Techniques
- Formulas
- Processes
- Inventions
- Software

Part 2:

Activities Technological in Nature

The activities must be technological and must involve hard sciences such as:

- Engineering
- Computer Science
- Physics
- Chemistry
- Biology

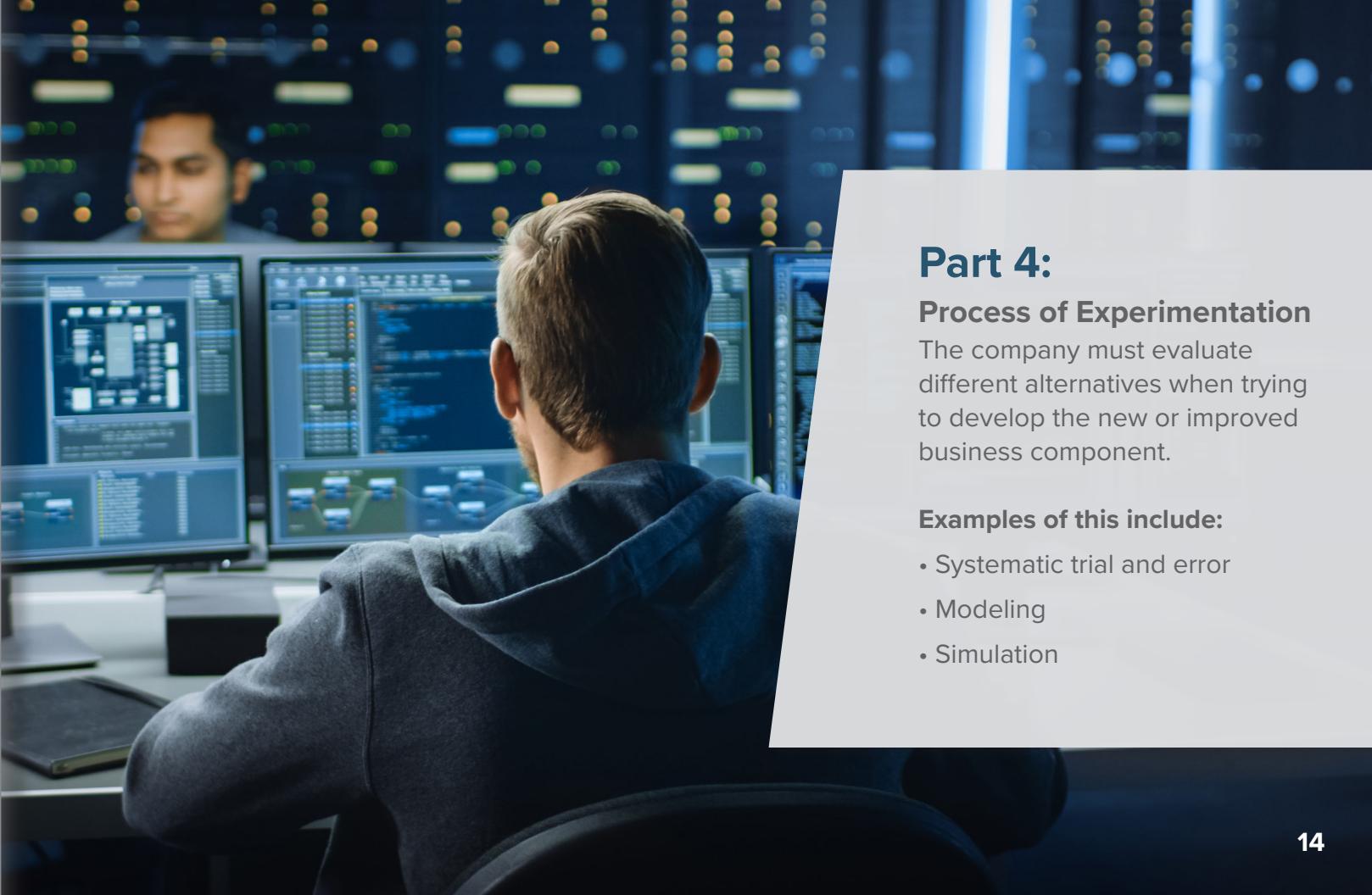


Part 3:

Elimination of Uncertainty

Qualified research activities must be performed to eliminate technical uncertainties. Even if the company knows the research project's objectives can be achieved, expenditures can still qualify, provided there's some uncertainty at the onset when the company is trying to develop a new or improved business component. However, there only needs to be uncertainty regarding one of three things:

- 1) Can they do it?
- 2) How would they do it?
- 3) The ultimate or appropriate design of what they are trying to develop.



Part 4:

Process of Experimentation

The company must evaluate different alternatives when trying to develop the new or improved business component.

Examples of this include:

- Systematic trial and error
- Modeling
- Simulation

Does My Industry Qualify?

Companies of all sizes and industries can qualify for this tax credit.

Qualifying Industry Examples

- Pharmaceutical
- Plastics
- Machining
- Architecture
- Engineering
- Life Sciences
- Software Development
- Agriculture
- Food Processing
- Aerospace
- Automotive
- Construction



How to Get Started

Getting an R&D credit analysis to see if you qualify is the first step!

At Engineered Tax Services, we're committed to helping you unlock your potential tax savings. Don't miss out on the opportunity to enhance your company's financial standing through R&D incentives. Our team of experts is ready to guide you through this intricate process.

Get Your FREE Analysis Today.

Turn Energy Efficiency Into Significant Tax Savings

 | 179D Epact Tax Deduction

What Is The 179D Epact Tax Deduction?

The Energy Policy Act of 2005 (**EPAct**) created the Energy-Efficient Commercial Building Tax Deduction, also known as the 179D deduction. This tax incentive encourages developers to construct commercial buildings that are energy efficient. Additionally, an update in the **Inflation Reduction Act** incentivizes taxpayers to pay fair wages and hire apprentices for commercial construction projects.



Inflation Reduction Act Update

Signed into law on August 16, 2022, the Inflation Reduction Act (IRA) extended and updated 179D. One of its major changes has been the introduction of a “bonus rate” for projects meeting labor standards. Additionally, energy-savings requirements were altered to make them more achievable against the updated ASHRAE standards. Retrofit rules have also been updated to reflect the unique circumstances of renovation projects.



The amount of the deduction is determined by

(1) the percentage of energy efficiency gained over baseline and

(2) the optional adherence to prevailing wage and apprenticeship requirements.

This is represented in the table below.

Efficiency Gain Over Baseline	Deduction Amount “Base Rate”	Labor Standards “Bonus Rate”
25%	\$0.50 per sq ft	\$2.50 per sq ft
30%	\$0.60 per sq ft	\$3.00 per sq ft
35%	\$0.70 per sq ft	\$3.50 per sq ft
40%	\$0.80 per sq ft	\$4.00 per sq ft
50%	\$1.00 per sq ft	\$5.00 per sq ft

What Are The Requirements?

New construction or retrofits must achieve energy savings between 25%-50%. For the bonus deduction, laborers must be paid prevailing wage minimums, and qualified apprentices must perform a required number of hours. (12.5% in 2023, and 15% in 2024)

Pre-2023

Prior to the 2023 tax year, qualifying buildings must show a reduced energy cost savings compared to ASHRAE 90.1-2007. The 179D deduction may only be claimed once per qualifying building.



2023 and Later

Beginning in the 2023 tax year, qualifying buildings must show a minimum 25% reduced energy cost savings compared to either **(1) ASHRAE90.1-2007** or **(2) the standard affirmed four years prior to the completion of construction.** The IRA also introduced prevailing wage and apprenticeship provisions. If contractors meet these optional requirements, they may be eligible for a **5x multiplier on their 179D deduction amounts.**

Because the IRA updated retrofit requirements, it is now possible to claim 179D more than once for a single building. However, the building must be at least three years old and meet all retrofit requirements to qualify.





What Types Of Buildings Qualify?

Pre-2023

- Commercial buildings (any size)
- Residential buildings (4 stories or more)
- Governmental buildings

2023 and Later

- Commercial buildings (any size)
- Residential buildings (4 stories or more)
- Governmental buildings

- Buildings owned by not-for-profit organizations
- Houses of worship
- Buildings owned by Tribal organizations
- Not-for-profit schools and universities

How to Get Started

Whether you're a building owner, designer or contractor who has implemented energy-efficient components in your commercial property, you could be eligible for substantial tax deductions under the 179D Energy Policy Act. At Engineered Tax Services, we're here to help you capitalize on these savings.

Begin your journey by consulting with one of our specialty tax experts. Discover the potential savings you could unlock with a **complimentary 179D analysis** today!





Obtain Valuable Tax Credits On Residential Buildings

 | 45L Tax Credit

What Is The **45L Tax Credit?**

Section 45L of the Internal Revenue Code (IRC) allows developers, builders and homeowners to claim tax credits for **energy-efficient residential properties** that are **newly built or substantially remodeled**.

A broad range of single-family homes and multifamily properties are eligible for this tax credit, which has recently been extended through 2032.



What Are The Requirements?

The purpose of Section 45L is to encourage builders to use energy-efficient materials for the construction of residential buildings. Eligible properties do not necessarily have to be newly built homes; residential properties that have been substantially improved via remodeling or renovations are also eligible.



Pre-2023

Prior to the IRA coming into effect in 2023, qualifying residential dwellings are required to consume 50% less heating and cooling energy than a comparable structure built in accordance with 2006 International Energy Conservation Code (IECC) standards. Additionally, the building envelope itself should account for at least one-fifth of the energy-saving improvements. The building must be certified by an independent certifier, who is required to be authorized by a rating network like the Residential Energy Services Network (RESNET).



2023 and Later

Beginning in 2023, residential and mixed-use buildings must obtain either ENERGY STAR or ZERH certification in order to qualify for the 45L tax credit. They must also meet both national and regional requirements set by the U.S. Environmental Protection Agency (EPA).

For mixed-use properties, dwelling units and common areas (excluding parking garages) must make up more than 50% of the building's total square footage.



What Are the Prevailing Wage Requirements?

Beginning in the 2023 tax year, qualified contractors for multifamily properties have the option of claiming higher 45L tax credits if they abide by prevailing wage requirements. “Prevailing wage” refers to the average wage a specific type of worker can expect to earn in a specific region. Taxpayers wishing to obtain the 45L credit bonus rate must ensure that all workers involved in the multifamily construction project earn income that meets or exceeds the rate of prevailing wages.

What Types of Buildings Qualify?

Pre-2023

- Single-family homes
- Townhomes
- Duplexes
- Triplexes

- Apartment complexes (3 stories or less)
- Manufactured homes

2023 and Later

- Single-family homes
- Townhomes
- Duplexes
- Triplexes
- Apartment complexes (any size)
- Manufactured homes
- Student housing (any size)
- Assisted living facilities (any size)



How To Get Started

Many residential buildings are eligible for the 45L Energy-Efficient Home Tax Credit, but not many homeowners, developers and builders know to take advantage of it. ETS provides 45L certifications that are evaluated, modeled and signed off on by authorized certifiers in good standing with the IRS.

Once certification is complete, you will receive a certification package with all necessary documentation to sustain the 45L tax credit in case of IRS audit. Whether you want to file for a single home or a large multifamily development, ETS has the tax expertise required to help you apply and qualify for this valuable tax credit.



How Much Could You Save?

Get a FREE 45L analysis to find out.



Innovative | Ethical | Transparent

www.engineeredtaxservices.com

