

save major cash with cost segregation



What Is Cost Segregation?

As your building ages, it loses value. That's called depreciation. When you do a cost segregation study, it classifies your building's components (like the lighting system) into shorter recovery periods so you can write off the components faster in your taxes and reduce taxable income. The study carves out certain qualifying portions of your building into five-, seven- and 15-year lives that are normally accounted for in 39- or 27.5-year categories.

Who Qualifies For A Cost Segregation Study?

Anyone who's purchased real estate property. Cost segregation studies are most useful for commercial real estate.

When Should I Get A Cost Segregation Study?

You can have one done on your building anytime, but it's best to do it right after you've purchased your property so you can write off assets removed during remodeling or replacing building components. If you do a study right after acquiring your building, you'll be able to claim bonus depreciation, which can create a write off as high as 30% of your total purchase price in the first year.

How Do I Get A Cost Segregation Study?

Only a specialized company with both engineering and accounting capabilities is capable of undertaking a full-fledged cost segregation study. Engineered Tax Services, (ETS) is a licensed engineering firm that focuses on federal, state, and local tax benefits. Through our cost segregation studies, ETS works to uncover potential tax savings and increase cash flow.

We provide:

- Free, no obligation cost-benefit analysis
- Feasibility study to determine if cost segregation can be used specifically for your project.
- Site visit by a qualified engineer.
- A detailed written report with asset details supporting the study, working with your CPA to complete the necessary forms to claim the deduction.

Bonus Depreciation Example

Existing Real Property Acquired	Prior & New Law		Prior Law		New Law	
\$2,500,000 Purchase (excluding land allocation)	SL 39-Year Depreciation without Cost Segregation		Cost Segregation MACRS (no bonus)		Cost Segregation MACRS (with 100% bonus)	
5-year Personal Property	0%	\$0	24%	\$600,000	24%	\$600,000
15-year Personal Property	0%	\$0	6%	\$150,000	6%	\$150,000
39-year Real Property	100%	\$2,500,000	70%	\$1,750,000	70%	\$1,750,000
Approximate 1st Year Depreciation	\$64,103		\$172,372		\$794,872	