

Real Estate Cost Segregation Services

Valuable Tax Savings Imbedded in Building

Your company's real estate holdings constitute a huge capital investment. With our engineering-based cost segregation studies, you maximize your real property's financial return by generating significant cash flow savings through accelerated income tax depreciation deductions.

That's what we bring to the table.

Our cost segregation team generate cash tax savings by carving out shorter-lived assets (qualifying for 5, 7, or 15 year write-off periods) that are normally imbedded in a building's construction or acquisition costs, and generally depreciated over 39 years.

Together we will "mine out" these buried tax savings from:

- ◇ New buildings presently under construction
- ◇ Existing buildings undergoing renovation, remodeling, restoration or expansion
- ◇ Purchases of existing properties
- ◇ Office/facility leasehold improvements and "fit outs"
- ◇ Post-1986 real estate construction, building acquisitions, or improvements where no cost segregation study was performed

Cost segregation is a highly specialized segment of tax law. The volume of judicial decisions, IRS rulings, regulations and other interpretations spans thousands of pages of texts. The challenge is to apply this complex knowledge to the unique facts of your industry, your company's circumstances, and the processes of your operation.

Why take unnecessary risks? A non-specialist accountant who segregates percentages of construction costs based on invoices or other means will likely leave valuable tax benefits on the table. Moreover, their work will likely *not withstand IRS examination*.

A solid case for cost segregation.

With our cost segregation study, you get indisputable evidence for massive tax savings that will withstand governmental agency scrutiny. We provide full documentation, employing engineering and cost estimating procedures recognized in IRS rulings and judicial decisions. A complete "audit trail" traces derived unit costs from contract documents and other source data. Your property is categorized into shorter life classes based on applicable tax authorities.

During a cost segregation study, we:

- ◇ Physically inspect the property
- ◇ Examine architectural/engineering drawings and specifications for potential asset reclassification
- ◇ Analyze cost data, including the contractor's application of payments, change orders, owner-incurred costs, and indirect disbursements
- ◇ Prepare an itemized list of property units qualifying for shorter-life classification based on relevant income tax authorities
- ◇ Apportion direct labor, material components, and indirect costs based on engineering drawings and specifications
- ◇ Reconcile total costs per the engineering analysis to capitalized project costs

More than ^{the} Numbers

Real Estate Cost Segregation Services (cont'd)

We will work closely with you throughout the engagement, assuring that you understand the process and that you receive the optimal benefit from the study.

Compelling benefits:

Sales/Use Tax Benefits

Many states provide relief for tangible personal property used in manufacturing. Other states have exemptions for property used in research and development. Supporting these incentives is cumbersome, but we make it easy for you and optimize your sales and use tax exemptions.

Property Tax Relief

There are excludable costs in your company's tax base. Specifically, overtime hours, building demolition costs, and select change orders may be exempt from a building's tax base in certain jurisdictions. We help you 'wring out' excessive property taxes from your facility.

Other Credits and Incentives

Many states provide special tax credits, incentives, or abatements for new construction, that we can help you secure.

Industries that benefit from a study:

- ◇ *Airports*
- ◇ *Financial Services (bank branches, brokerage operations)*
- ◇ *Food Processing*
- ◇ *Food Services/restaurants*
- ◇ *Health Care (hospitals, physician practices, medical centers)*
- ◇ *Hospitality (hotels/motels, recreational resorts, golf courses)*
- ◇ *Leasing (apartment homes, office buildings)*
- ◇ *Manufacturing*
- ◇ *Pharmaceutical*
- ◇ *Professional Services*
- ◇ *Public Utilities*
- ◇ *Real Estate*
- ◇ *Retail (department stores, distribution centers, shopping malls)*
- ◇ *Semiconductor*
- ◇ *Sports Facilities*



You get tremendous payback for your investment in professional fees. Client routinely receive present value cash flow savings at 10 to 20 times or more their investment for the study. Our cost segregation study truly maximizes the value of your real estate assets.