

Create Cash Flow Now With a Cost Segregation Study

Most real property owners can benefit significantly by reallocating asset costs to other than “building.” The basis for the reallocation is a cost segregation study that identifies and classifies the costs to acquire, construct or expand commercial real properties, including office building, or manufacturing or distribution facilities.

The objective of a cost segregation study is to properly classify costs into the correct categories for tax depreciation purposes. The re-categorized costs can be depreciated over fewer years allowing the tax benefits to be recouped sooner. The table below illustrates the potential benefits from a cost segregation study on several different types of commercial properties. The average potential tax savings are typically about 1 to 1.5 percent of the cost of an office building, and up to 3 to 3.5 percent of the cost of a manufacturing or distribution facility.

Potential Benefits of a Cost Segregation Study by Type of Commercial Property

	Typical Reallocation	Construction Costs	Present Value Tax Savings	Increased Cash Flow 1 – 5 Years
Commercial Building	10 – 15%	\$ 2M	\$ 30K	\$ 30K
		\$ 4M	\$ 60K	\$ 60K
Warehouse	12 – 20%	\$ 2M	\$ 42K	\$ 44K
		\$ 4M	\$ 84K	\$ 88K
Manufacturing & Distribution Center	18 – 30%	\$ 2M	\$ 67K	\$ 75K
		\$ 4M	\$134K	\$150K

Our cost segregation study will provide four major benefits:

- We will optimize your depreciation benefits through a thorough analysis that decreases your taxes, improves your cash flow, and increases your profits.
- We will provide thorough documentation for the classifications we recommend, organized in a clear, easy-to-use format.
- Our study will be supported by our interpretation of applicable tax laws and regulations.
- Our findings could also be used to support valuations related to ad valorem taxes assessed on your property.

For more information contact:

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