



Engineered Tax Services

▪ *Where Engineering and Accounting Come Together* ▪

BENEFITS

OF AN

ENGINEERED COST SEGREGATION STUDY

- Increase Cash Flow
- Increase your ROI
- Increase Profits
- Decrease Taxes
- Maximize Depreciation
- Cost Effective (15 – 20x cost back)
- Qualify for possible refunds on prior taxes paid
- Increase value of property
- for every dollar spent on an engineered cost segregation report, a property owner can receive, on average, \$ 16 dollars in immediate tax benefits

THE BENEFITS OF COST SEGREGATION

"Each \$100,000 in assets reclassified from a 39-year recovery period to a 5-year recovery period results in approximately \$22,000 in net-present-value savings.

- *Journal of Accountancy, Copyright 2005 by the
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BENEFITS TO DIFFERENT TYPES OF PROPERTY

Average Percentages Reallocated to Shorter Depreciation	
Property Type	Average Eligible Percentages
Apartment / Multi-family	20% - 45%
Assisted Living / Senior Living Facility	25% - 35%
Automobile Dealership	25% - 50%
Bank	15% - 40%
Computer Operations / Technology Center	20% - 60%
Fitness Center / Health Club	20% - 40%
Golf Course	20% - 40%
Grocery Store	20% - 40%
Hotel and Motel	20% - 40%
Manufacturing - Heavy	30% - 60%
Manufacturing - Light	20% - 45%
Medical Office Building / Surgery Center	20% - 50%
Office Building	20% - 45%
Research and Development	20% - 60%
Restaurants	20% - 50%
Retail Store	20% - 40%
Self Storage Facility	20% - 80%
Shopping Malls - Regional or Strip	15% - 40%
Tenant Improvements	15% - 50%
Theater	20% - 40%
Warehouse	10% - 30%

COST SEGREGATION OPPORTUNITIES

- New construction
- Purchase of existing property
- Renovations or expansion
- Leasehold improvements
- Existing property placed in service after 1987 (“look-backs”)
- Real property stepped-up through estate
- No cost/no obligation feasibility study
- Inheritance of Property (new stepped up basis)

WHO QUALIFIES

You qualify if you....

- ❖ Own a commercial/investment property with a valuation of \$700,000 or higher.
 - ❖ Made leasehold improvements totaling \$300,000 or higher.
 - ❖ Pay federal income taxes or have paid federal income taxes in the last 3 years
 - ❖ Operate a for-profit entity.
- A CSA can be performed before the acquisition of a building. Personal property can be separated from the building costs and the two costs can then be broken out in the sales agreement thus reducing the transfer tax.

Frequently Asked Questions (FAQs)

1. Will a Cost Segregation Study require a change in CPA firms?

No. Cost Segregation Studies can be prepared for those who already have a CPA. Our report contains the information necessary for a CPA tax preparer to properly reflect the results of the Cost Segregation Study on the tax return.

2. What is required for a Cost Segregation Study?

The Cost Segregation Study requires a site tour and/or construction documents and a copy of the depreciation schedule. In some cases additional information may be required.



3. Can a Cost Segregation Study be prepared for a property that was not purchased this year?

Generally speaking, a Cost Segregation Study can be beneficial if the property was purchased in the last 10 – 15 years; however, benefits are maximized in the year of purchase. The value and the type of property will affect the degree of benefit. Call us for a free evaluation to estimate whether a study would be beneficial.

4. What is the minimum tax value of the property required in order for a Cost Segregation Study to be beneficial?

The minimum improved value is approximately \$700,000, depending on the type of building and when the building was purchased. If it is leasehold improvements, the minimum value is approximately \$ 300,000.

5. Can a Cost Segregation Study be prepared by any CPA?

No, not typically. A Cost Segregation Study is an engineering based analysis of the component parts of Commercial Real Estate Property. It requires an understanding of IRS guidelines for those component parts qualifying for shorter depreciable lives and knowledge of Commercial Real Estate taxation and Construction Engineering. Also, per the IRS guidelines, the Study must be performed by an independent third party educated and trained in building and building systems. (ex: electrical, AC, heating, etc)



Interaction with 1031 Exchanges

“Combining Cost Segregation and 1031 exchange allow taxpayers to defer the maximum amount of income taxes.”

Journal of Accountancy

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What Distinguishes Us from the Competition

According to a recent article in the AICPA's Journal of Accountancy,
"Selecting a firm that uses qualified professionals with years of significant, relevant experience can be an important differentiator in the quality of a cost segregation study."

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- Engineered Tax Services, Inc is a professionally licensed Engineering Firm (lic. # 27824)
- Professional E/O Insurance. All reports are fully insured and Engineered Tax Services provides a full warranty of all reports in the event of an IRS audit
- Engineered Tax Services offers full audit protection.
- Over 80 years of combined experience in engineering related services
- Engineered Tax Services meets **ALL** the required elements as required by the IRS

ENGINEERED COST SEGREGATION CLIENTS

BB&T	Florida
JW Marriott	Washington DC
Snowbird Ski Resort	Snowbird, Utah
College Parkway Center	Fort Myers, FL
Embassy Suites	Philadelphia, PA
Wal-Mart	Atlanta, GA
Winn Dixie	Miami, FL
Best Western	Fort Lauderdale, FL
Hilton	New York, NY
American Airlines Arena	Dallas, TX
Nissan	Detroit, MI
Honda	West Palm Beach, FL
Mercedes Benz	Detroit, MI
BMW	Detroit, MI

PROFESSIONAL REFERENCES AVAILABLE ON REQUEST

ENGINEERED TAX SERVICE'S GUARANTEE

- **Full audit defense by our firm at no additional charge**
 - **Reports 100% insured against errors and omissions**
- **Our unique Double Guarantee assures your satisfaction. You know *before you commit*, what the minimum tax savings will be**

WHATS A \$1 WORTH TO YOU?

- **Initiating a building component analysis as soon as possible will result in maximum savings. A building component analysis can begin before a building is constructed, acquired or after a project is completed, even years later.**
- **Every dollar of depreciation claimed today is worth one dollar of tax deduction, but every dollar of depreciation claimed thirty-nine years from now is only worth a small fraction of that.**

Time is money - why wait?



Engineered Tax Services

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If you own property valued above \$700,000 or leasehold improvements above \$ 300,000, Engineered Tax Services can help reduce the current tax liability with professional, “engineering-based” cost segregation studies.

Call Engineered Tax Services

239-253-0793

for a *complimentary feasibility study* to show the amount of savings, increased cash flow and cost effectiveness of a Engineered Cost Segregation.

Matt Lister

mlister@engineeredtaxservices.com

www.engineeredtaxservices.com

239-253-0793