



INCOME TAX DEFERRALS FOR COMMERCIAL BUILDING OWNERS

DUFFY + DUFFY COST SEGREGATION
ENGINEERING-BASED COST SEGREGATION STUDIES

WHAT IS COST SEGREGATION?

Cost segregation is an IRS approved method that allows building owners to accelerate depreciation deductions for commercial real estate. Using an engineering-based Cost Segregation Study, portions of the building cost are identified and classified into shorter 5, 7 or 15 year accelerated categories instead of the 27-1/2 or 39 year straight-line methods under the tax code.

Getting faster tax write-offs in the early years of the building's life means freeing up cash for better use. Taxes saved today are paid later, in tomorrow's less valuable dollars. The savings are measured by the Net Present Value of the cash flow generated. Whether a building has been purchased, constructed, or improved now or in the past, the owners can benefit from these faster write-offs.

Most commercial real estate constructed, purchased, improved or had a basis step-up since 1987 can benefit. In most cases deductions not taken in the past are available in the current tax year without amending tax returns.

ACCELERATE DEPRECIATION DEDUCTIONS FOR COMMERCIAL REAL ESTATE



Manufacturing

Building cost: \$1,750,000
First year tax benefits: \$51,550
Overall savings: \$85,800



Retail Center

Building cost: \$15,543,000
First year tax benefits: \$182,100
Overall savings: \$944,200



Apartments

Building cost: \$858,000
First year tax benefits: \$20,225
Overall savings: \$37,600

THE PROCESS

1. We meet with you and your accountant to determine if the building is a good candidate for savings. We explain the process and answer any questions.
2. We prepare an initial assessment at no cost. Preliminary information is reviewed to determine the potential savings that may be available.
3. We present the savings estimate and our professional service fee to perform the study.



4. Upon notice to proceed with the study, we gather information from your construction documentation and accounting records, then bring in our team of professional construction engineers and estimators to perform the analysis.



5. With the information gathered and a visit to the site, our team uses their expertise and state-of-the-art industry tools to segregate costs based on current tax law and IRS guidance. We deliver a detailed report that meets the IRS standards for quality, indicating the costs qualifying for shorter lives, outlining the methodology used, documenting the segregated costs in detail, and providing a complete audit trail.
6. We review the final report with you and your accountant and answer any questions you might have about the study and how to implement the results.
7. Your tax savings can begin immediately! For previously purchased or constructed buildings, deductions not taken in the past can be taken in the current year. In some cases refunds of taxes already paid can be obtained.

All types of commercial real estate can qualify. Buildings purchased or constructed since 1987 costing over \$300,000 are great candidates.

- Restaurants • Auto Dealers • Factories
- Warehouses • Medical Offices • Hotels
- Retail Stores • Office Buildings • Airports
- Apartments • Sports Facilities • Hospitals
- Golf Courses • Banks • Grocery Stores

OUR COMMITMENT

We provide quality Cost Segregation Studies helping owners defer taxes by segregating only assets defined by case law and IRS rulings. Our studies are fully documented and provide a complete audit trail designed to withstand IRS scrutiny. We have successfully defended our findings before the IRS.

When considering a Cost Segregation Study, it is important to know that it is performed by quality professionals. Our experienced team of CPA's and construction engineers apply our knowledge of relevant tax law and construction methods to maximize the benefits of the study.

CONTACT US

Begin deferring income taxes now. Visit our web site at www.costsegexperts.com or call us at 440-899-9560 for a no cost evaluation.



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