

Cost Segregation Services

REDUCE YOUR TAX LIABILITY WITH AN APRIO COST SEGREGATION STUDY

Aprio's Cost Segregation Services can help commercial property owners realize significant tax savings that can increase cash flow. Conducting a cost segregation study enables the owner of a property to depreciate a new or existing building in the shortest time possible under current tax laws. A "engineering-based" study will re-classify appropriate building costs that previously had a 39-year depreciable life to depreciate in a shorter time period. For instance, personal property or land improvements have a five, seven or 15-year rate of depreciation. Multi-family residential buildings are subject to a 27.5-year life. Segregating specific property information into categories can provide property owners significant savings.



The benefits of a cost segregation study include:

- A reduction in current tax liability
- An immediate increase in cash flow
- The deferral of taxes
- The ability to reclaim "missed" depreciation deductions from prior years (without having to amend tax returns)

Conducting a cost segregation study enables the owner of a property to depreciate a new or existing building in the shortest time possible under current tax laws.

WHAT IS COST SEGREGATION?

Cost segregation is the practice of identifying assets and their costs and classifying them for federal tax purposes. "Engineering-based" cost segregation enables commercial real estate owners to reallocate real property (under Code Sec. 1250) to personal property (under Code Sec. 1245). This results in a substantially shorter depreciable tax life and accelerated depreciation methods that can create significant tax savings.

An engineering-based cost segregation study identifies a wide range of building components, such as electrical installations, plumbing, mechanical components, and finishes, that can be identified and reclassified into shorter-lived asset classes. This adds up to substantial savings to the client.

WHY IT'S IMPORTANT TO WORK WITH A SPECIALIST

For both new and existing properties, the IRS requires that engineering-based cost segregation studies be performed in order to realize the maximum depreciation benefits. Engineering-based cost segregation provides a more accurate segregation of property information. Aprio provides the detailed information needed to adhere to strict IRS regulations as well as the documentation required in the event of audit.

The IRS's Cost Segregation Audit Techniques Guide (ATG), states that the prime attribute of a high-quality cost segregation analysis is "preparation by an individual with expertise and experience." This guide goes on to state that cost segregation studies require both knowledge of the construction process as well as the tax law involving property classifications for depreciation purposes. As one of the largest real estate and construction tax practices in the Southeast, Aprio has the subject matter expertise you need to take full advantage of cost segregation analysis.

LET APRIO COST SEGREGATION SERVICES INCREASE YOUR BOTTOM LINE

By accelerating a buildings' depreciation, the owner can realize a significant increase in cash flow by lowering their tax liability. The increased cash flow from postponing tax payments can then be reinvested to grow the business.

The cost segregation study is one of the most valuable tax strategies available to commercial real estate owners. This popular tax provides the ability to defer taxes, reduce overall current tax burden, and improve current cash flow. Nearly every taxpayer who owns, constructs, renovates, or acquires commercial real estate structures stands to benefit from a cost segregation analysis.

Let Aprio help you take advantage of this valuable tax strategy with confidence. Our services provide property owners the detailed documentation necessary in the event of audit.

For more information about Aprio's Cost Segregation Services, contact:



Alan Vaughn
Partner-in-Charge,
Real Estate & Construction
alan.vaughn@aprio.com
[404.898.8233](tel:404.898.8233)



Adam Klein
Relationship Executive,
Partnerships
adam.klein@aprio.com
[770.353.4775](tel:770.353.4775)

About Aprio

Since 1952, clients throughout the U.S. and across more than 40 countries have trusted Aprio for guidance on how to achieve what's next. As a premier, CPA-led professional services firm, Aprio delivers advisory, assurance, tax and private client services to build value, drive growth, manage risk and protect wealth. With proven expertise and genuine care, Aprio serves individuals and businesses, from promising startups to market leaders alike.

Aprio.com
