



INCENTIVESADVISORS



## COST SEGREGATION FOR COMMERCIAL PROPERTY OWNERS

Cost Segregation is a lucrative tax planning strategy utilized by commercial real estate owners and tenants to accelerate depreciation deductions, defer tax and improve cash flow.

Over the past nine years, the executive management team of Incentives Advisors has been responsible for the recovery of well over **\$1 billion** of Federal, state and local tax credits and other incentives. The clients the executive management team represented have ranged in size from Fortune 50 companies such as IBM, Home Depot and Costco to smaller regional and local companies like Kearney Electric, Suntec Concrete and NextCare.

Cost segregation allows a taxpayer to accelerate substantial depreciation deductions by identifying costs that can be allocated to shorter recovery periods.

## TYPES OF PROPERTIES THAT QUALIFY FOR COST SEGREGATION BENEFITS

*Any type of commercial property placed in service after December 31, 1987 will qualify. Cost segregation makes sense for properties that have a depreciable cost basis of \$1 million or more. (Drops to \$300,000 range when considering cost segregation for any leasehold improvement project).*

### NEW CONSTRUCTION

New construction projects generate the highest ROI of any property type. Typically, the request for proposal comes after the building has been constructed and is ready to be placed in service. Our Cost Segregation Experts consult pro bono throughout the entire construction process to assure maximum asset reclassification for our clients.

### ACQUISITIONS

Performing a cost segregation study immediately following acquisition will result in the greatest accelerated depreciation benefits. This allows the new owner to schedule all depreciable assets into the correct recovery period.

### EXISTING PROPERTIES

This is the most overlooked when it comes to **cost segregation**. A “look-back” study is performed to determine which costs qualify for shorter recovery periods. The catch up, which can be taken entirely in the current tax year, equals the difference between what was depreciated and what could have been depreciated if a cost segregation study was performed from day one.

### REDEVELOPMENT

Cost segregation can be used to maximize write offs prior to planned demolition. Using cost segregation to identify the tangible personal property will allow the owner to write them off upon disposition.

*For more information on how Cost Segregation can benefit your properties, please contact:*

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