

## THE FINANCIAL IMPACT OF ENGINEERING-BASED COST SEGREGATION

Many CPA's will accelerate line items on your depreciation schedule such as landscaping or parking lots into a 15 year life category.

Although this is a nice tax benefit, this is not engineering based Cost Segregation. Most Tax Professionals are equipped to segregate very few line items.

An engineering based study will place value on numerous systems and hyper accelerate such items as flooring, lighting, molding, specialty electrical, and so much more.

Ask your CSSI representative for a cost free analysis to see what deductions you may be missing.

### Economic Comparison for \$7.3M Building

	Potential CPA Method	Engineering-based Cost Segregation
39-year straight line method	\$118,096	
<b>Alternative Method</b>		
5-year depreciation expense	\$103,012	\$198,667
15-year depreciation expense	\$11,037	\$60,336
39-year depreciation expense	\$106,287	\$82,785
Total depreciation expense	\$220,336	\$341,788
<b>Cash Flow Results</b>		
Increased Accumulated Depreciation Expense	\$102,240	\$223,692
Estimated Tax Rate	37.0%	37.0%
Estimated Tax Savings Benefit	\$37,829	\$82,766
<b>Increased Cash Savings</b>		<b>\$44,937</b>



Let us be your calculation experts.

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Taxpayers have used cost segregation studies for many years. Historically these studies have resulted in advantageous depreciation deductions for taxpayers. These studies now serve additional purposes. Not only do they reclassify a building's components into assets with shorter class lives but they also identify building systems for purposes of applying the improvement rules. With the issuance of the final regulations, the demand for cost segregation studies is on the rise.

~ *Capitalization of Tangible Property  
Audit Technique Guide*  
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