

4-19-23



FRIENDS DON'T LET FRIENDS OVER-PAY for  
ANYTHING!  
Cost Reduction Strategies

Implementing Environmentally Friendly and FISCALLY SOUND Solutions!  
Get started with a FREE CONSULTATION!  
Providing Cost Segregation Studies and Cost Reduction Strategies

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- Baltimore History
- Personal
- Seven Years ago – CostSeg Energy Solutions
- Mission to help people/companies SAVE

## “Best-in-Class” Companies

- Tax Savings
  - Cost Segregation
  - CAPTIVE INSURANCE
  - CHAMP PLAN
- Cost Savings
  - Everyday Recurring Expenses
  - Business and College Debt Reduction
- Energy Efficiency
  - Community Solar – Rooftop/ground Solar



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# Who is CSSI?



- Performing Engineering-based Studies for over 20 years
- 35,000+ Studies completed across the U.S.
- CEO - Jim Shreve, has been involved in Cost Segregation since the Original IRS court case in 1997
  
- Full Engineering-Based Studies completed in 6-8 weeks.
  - Disposition & Cost Segregation
  - Tangible Property Regulation/Repair Regulation Calculations
  - Capital to Expense Reversals
  - LED Lighting Retrofits and Tax Benefits Associated
  - Section 179D Energy Credit Analysis
  - Quality Improvement Property (QIP) Calculations
  - R&D Tax Credit Analysis



## What is Cost Segregation?

- The process of analyzing and identifying residential rental/multi-family or commercial building components that are eligible for **accelerated depreciation**, providing a significant tax benefit for the taxpayer
- Engineering-based is defined as the “Certain Method” by the IRS
- **Accelerating Depreciation** increases expense deductions to offset the income  
**RESULT = TAX SAVINGS = CASH FLOW**
- Client can use the cash today instead of leaving with the IRS for 27.5 or 39 years

*Personal Property is Segregated from Real Property*

**\$50k to \$80k in Savings per \$1 Million in Basis**

**Works on \$250k+ buildings**





# What is a Big Mac?

## Straight-Line

- Hamburger



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## Cost Segregation

- 2 All Beef Patties
- Special Sauce
- Lettuce
- Cheese
- Pickles
- Onions on a
- Sesame Seed Bun



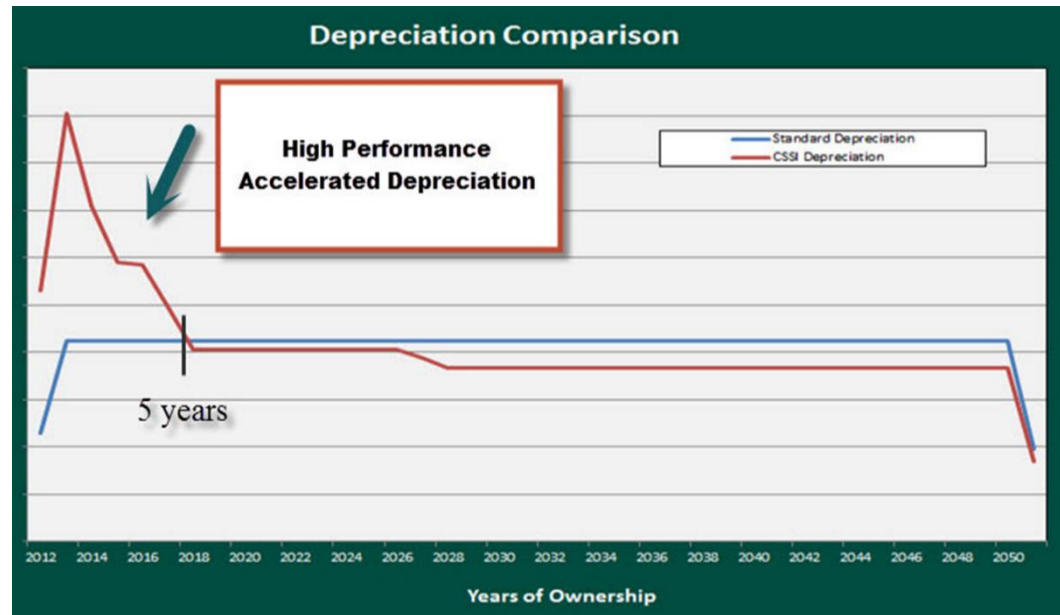
## 5 & 7 Year Property

- ❑ Decorative building elements, wallpaper
- ❑ Specialty electrical, plumbing, mechanical
- ❑ Carpet, flooring, crown moldings,
- ❑ Built In cabinets, counter tops
- ❑ Security, special lighting, window treatments
- ❑ Communications, cable
- ❑ Kitchen fixtures, refrigeration equipment

## 15 Year Property

- ❑ Landscaping, paving, fencing, site utilities, parking lots, signage, sidewalks, sprinklers, walkways

## Cost Segregation vs Straight-Line Depreciation





## WHO Qualifies and WHO Benefits

- *Owners and sometimes leaseholders of residential rental, multi-family, and commercial property*
- *Properties newly bought, newly built, remodeled and even those owned for a number of years*
- Manufacturers, Food Processing Plants, Poultry Farms
- Warehouses, Residential Rentals, Apartments, Condos, Hotels
- Auto Dealers, Franchises, Restaurants, Supermarkets, Offices
- Retail Malls, Strip Centers, Medical/Dental Bldgs., Laboratories
- Nursing and Assisted Living Facilities, Hospitals, Funeral Homes
- Refineries, Self Storage locations, All Types of Buildings....





- 5yr., 7yr. and 15yr. property placed in-service after Sept. 27, 2017 and for the NEXT five years is allowed 100% BONUS DEPRECIATION!
- Roughly 10-25% of the total building asset is NOW eligible for 100% bonus in year ONE
- New construction or old construction qualify

**This is a GAME-CHANGER!!!!**





# POST TCJA



2105-2111 Maryland Ave  
Apartment Building / Complex  
Estimated Savings Overview

We are pleased to provide this Cost Segregation Study Property Analysis for 2105-2111 Maryland Ave. The following chart outlines the benchmark estimate for the expected results. We look forward to visiting with you to review these favorable economic results.

<b>Building Cost</b>	\$ 580,000		
Date Acquired:	June 2023		
Tax Year:	<b>2023</b>	<b>2024</b>	<b>2028</b>
<b>Current Method</b>			
Accumulated Depreciation Reported 27.5 year straight line method	\$ 11,426	\$ 32,515	\$ 116,870
<b>Alternative Method</b>			
Cost Segregation Study Accumulated Depreciation			
80% Bonus	\$ 83,520	\$ 83,520	\$ 83,520
5 yr.	\$ 3,712	\$ 9,651	\$ 18,560
7 yr.	\$ -	\$ -	\$ -
15 yr.	\$ 116	\$ 336	\$ 1,019
27.5 yr.	\$ 9,369	\$ 26,662	\$ 95,833
Total	\$ 96,717	\$ 120,170	\$ 198,932
<b>Results for Tax Year:</b>			
	<b>2023</b>	<b>2024</b>	<b>2028</b>
Increased Accumulated Depreciation Expense	\$ 85,291	\$ 87,655	\$ 82,062
Tax Rate (Estimated)	37.0%	37.0%	37.0%
<b>Estimated Accumulated Tax Savings Benefit</b>	<b>\$ 31,558</b>	<b>\$ 32,432</b>	<b>\$ 30,363</b>



# POST TCJA



Medical Office

Actual Savings Overview

**Not for Tax Preparation Purposes**

<b>Building Cost</b>		\$ 4,845,616		
Date Acquired:		December 2022		
Tax Year:		<b>2022</b>	<b>2023</b>	<b>2027</b>
<b>Current Method</b>				
Accumulated Depreciation Reported 39 year straight line method		\$ 5,185	\$ 129,426	\$ 626,393
<b>Alternative Method</b>				
Cost Segregation Study Accumulated Depreciation				
100% Bonus		\$ 978,814	\$ 978,814	\$ 978,814
5 yr.		\$ -	\$ -	\$ -
15 yr.		\$ -	\$ -	\$ -
39 yr.		\$ 4,137	\$ 103,282	\$ 499,861
Total		\$ 982,952	\$ 1,082,097	\$ 1,478,676
<b>Results for Tax Year:</b>		<b>2022</b>	<b>2023</b>	<b>2027</b>
Increased Accumulated Depreciation Expense		\$ 977,767	\$ 952,670	\$ 852,283
Tax Rate (Estimated)		37.0%	37.0%	37.0%
<b>Estimated Accumulated Tax Savings Benefit</b>		<b>\$ 361,774</b>	<b>\$ 352,488</b>	<b>\$ 315,345</b>

# POST TCJA



<b>Building</b>	<b>\$580,000</b>
<b>Additional Depreciation</b>	<b>\$85,291</b>
<b>Est. Taxes Saved</b>	<b>\$31,558</b>
<b>After Tax Cost</b>	<b>\$2,507</b>
<b>ROI</b>	<b>12.5 to ONE</b>

<b>Tax Year Cost Segregation Applied</b>	<b>2023</b>
<b>Study Fee</b>	<b>\$3,980</b>
<b>Estimated Tax Rate</b>	<b>37%</b>
<b>After Tax Study Fee</b>	<b>\$2,507</b>

<b>Building</b>	<b>\$4,845,616</b>
<b>Additional Depreciation</b>	<b>\$977,767</b>
<b>Est. Taxes Saved</b>	<b>\$361,774</b>
<b>After Tax Cost</b>	<b>\$5,815</b>
<b>ROI</b>	<b>62.2 to ONE</b>

<b>Tax Year Cost Segregation Applied</b>	<b>2022</b>
<b>Study Fee</b>	<b>\$9,230</b>
<b>Estimated Tax Rate</b>	<b>37%</b>
<b>After Tax Study Fee</b>	<b>\$5,815</b>



Property Category	Cost	5 Year	15 Year	27.5 Year
<b>Building Components</b>				
Cabinets / Millwork	\$ 21,625.28	\$ 21,625.28		
Moldings	\$ 14,552.88	\$ 14,552.88		
Flooring - Vinyl Tile / Wood Laminate	\$ 1,943.35	\$ 1,943.35		
Flooring - Carpet	\$ 713.70	\$ 713.70		
Wood Flooring	\$ 36,268.17	\$ 36,268.17		
Wall Coverings	\$ 132.12	\$ 132.12		
Door & Window Guards	\$ 167.59	\$ 167.59		
Window Treatments	\$ 2,110.37	\$ 2,110.37		
Specialty HVAC - Dryer Vents	\$ 766.05	\$ 766.05		
Specialty Electrical - Appliances	\$ 11,733.73	\$ 11,733.73		
Communication / Data	\$ 3,971.42	\$ 3,971.42		
Specialty Plumbing - Kitchen Sinks / Laundry	\$ 20,398.57	\$ 20,398.57		
Security / Exterior Lighting	\$ 1,775.62	\$ 1,775.62		
Interior Windows	\$ 1,929.43	\$ 1,929.43		
Mailboxes	\$ 458.64	\$ 458.64		
Entry Canopy	\$ 442.13	\$ 442.13		
Appliances	\$ 17,756.60	\$ 17,756.60		
<b>Site Work / Improvements</b>				
Site Concrete	\$ 3,766.44		\$ 3,766.44	
Exterior Fencing	\$ 2,249.27		\$ 2,249.27	
<b>Building Structure</b>				
Roofing Systems	\$ 15,730.24		\$ 15,730.24	
Foundations	\$ 37,451.52		\$ 37,451.52	
HVAC	\$ 43,412.13		\$ 43,412.13	
Electrical	\$ 82,824.05		\$ 82,824.05	
Plumbing	\$ 46,890.22		\$ 46,890.22	
Fire Protection & Alarm	\$ 3,276.13		\$ 3,276.13	
Exterior Façade / Building Skin	\$ 10,580.31		\$ 10,580.31	
Doors & Frames	\$ 25,849.39		\$ 25,849.39	
Windows	\$ 13,199.48		\$ 13,199.48	
Ceiling Systems	\$ 11,371.66		\$ 11,371.66	
Interior Framing / Partitions	\$ 40,749.65		\$ 40,749.65	
Painting	\$ 16,814.53		\$ 16,814.53	
Structural Framing	\$ 137,763.72		\$ 137,763.72	
Site Utilities	\$ 3,220.27		\$ 3,220.27	
Stairs / Balconies	\$ 12,157.39		\$ 12,157.39	
Bathroom Accessories	\$ 4,290.95		\$ 4,290.95	
Cabinets / Millwork - Restrooms	\$ 3,732.36		\$ 3,732.36	
Garage	\$ 16,346.64		\$ 16,346.64	
<b>Total Building Cost</b>	<b>\$ 668,422.00</b>	<b>\$ 136,745.65</b>	<b>\$ 6,015.71</b>	<b>\$ 525,660.64</b>
<b>% of Building Cost</b>		<b>20.5%</b>	<b>0.9%</b>	<b>78.6%</b>





- I can ONLY apply it right after I purchase a property
- My building is not worth enough
- It is too costly
- Doesn't my CPA already do this?
- If I do it, it will trigger an IRS audit?
- Do I have to amend taxes?
- If I sell the building, I'll have to give it all back



## We will provide a No-Cost Analysis of Your Property Data Required

1. Real Estate Listing
2. Depreciation Schedule
3. *OR* --- The Following Information
  - Type of Building
  - Cost Basis
  - Year and month acquired
  - Improvements (Year and month + Cost)

**We will generate a no-cost analysis for you!**



## OUR PLEDGE TO YOU



*We will open MORE OPPORTUNITIES for SAVINGS and GROWTH  
for you than ANY of our competitors!  
Friends Don't Let Friends Overpay for ANYTHING!*

