

COST SEGREGATION



If you're a commercial property owner or investor looking to increase your cash flow and lower your tax liability, CSG Strategic Tax Consultants (CSG) has got you covered. In fact, CSG literally wrote the book on cost segregation for Commerce Clearing House, the world's largest provider of tax content, called, *The Practical Guide to Cost Segregation*. [\(Make hyperlink\)](#)

What Is Cost Segregation?

Cost segregation is the practice of identifying assets and their costs, and classifying those assets for federal tax purposes. For commercial property owners/investors, cost segregation can provide tremendous tax benefits from accelerated depreciation deductions and easier write-offs when an asset becomes obsolete, broken or destroyed.

Whether you are constructing a new building, expanding an existing one, purchasing real estate, rehabilitating an old facility or relocating with leasehold improvements, your property can generate much bigger tax savings than you realize. Substantial tax and cash flow savings can be achieved by taxpayers who properly classify their construction or acquisition costs between real and personal property.

CSG can help you make the right decisions to reap cost savings from the get-go. We'll help you set up a cost-segregation study, an engineering-based study, to help you classify your assets in the right categories - personal property, land improvements, building components and land – to make it easy to track, and easy to deduct.

Properties with the best savings potential include, but are not limited to:

- Manufacturing & Industrial Plants
- Office Buildings
- Retail Stores and Chains
- Hotels and Motels
- Shopping Centers
- Apartment Facilities
- Medical Facilities
- Restaurants

How Is The Study Performed?

The CSS process is in-depth but non-intrusive. Our cost segregation specialists use an engineering-based approach, as specified by the IRS. On newly constructed properties, our engineers examine the architectural/engineering drawings for potential asset reclassification. A physical inspection is performed. Cost data including the contractor's application for payments, change orders, owner incurred cost and disbursements are examined. Direct labor, material components and indirect costs are allocated based on analysis of drawings and specifications.

An existing property without the above documentation requires a different approach. The specialist must become familiar with the purpose and major functions of the property as well as the components of the building. A full analysis of the property is conducted, including inspection, measurements and photographic documentation. This allows the specialist to reconstruct the property on paper, which includes listing all the components. The components are then valued using standard construction cost guides such as *R S Means Building Construction Cost Data*. Replacement costs are adjusted to account for property condition and to adjust to actual cost basis.

A Windfall For Property Built or Previously Acquired

You now have a valuable opportunity, courtesy of the IRS, if you constructed or purchased real estate in a prior year but did not take advantage of a cost segregation study. This IRS gift horse allows you to retroactively deduct depreciation amounts that you were legally entitled to, but did not claim due to erroneous property classifications.

It is critical that professionals with the requisite knowledge of the tax laws and IRS guidelines conduct your CSS. Our on-staff team of CPAs and engineers have the expertise in construction and project design from both an engineering and tax perspective to perform a CSS on any commercial or residential property.

COST SEGREGATION ANALYSIS

Please provide us with the following information, which will allow us to determine if your property will benefit from a Cost Segregation study!

Building Type <input type="text"/>	
Building Basis ~ Construction Cost \$ <input type="text"/>	
Placed in Service Year <input type="text"/>	Building Square Foot <input type="text"/>
Building Location: City <input type="text"/>	Location: State <input type="text"/>
First Name <input type="text"/>	Last Name <input type="text"/>
Company <input type="text"/>	
Title <input type="text"/>	Phone Number <input type="text"/>
Email Address <input type="text"/>	
Street Address <input type="text"/>	
City <input type="text"/>	State <input type="text"/> Zip <input type="text"/>
How did you hear about us? <input type="text"/>	<input type="submit" value="Submit"/>

The Report

The report includes preparer information, certification, project background information, cost segregation methodology, limiting conditions, asset classifications, tax classifications and support, detailed take-off reports, and photographs.

COST SEGREGATION CASE STUDY:

New office building

60,000 square feet building and a lot size of 220,000 square feet. Results: Year one deductions of over \$400,000. Year one increased cash flow of \$170,000.

10 year sampling study with 125 locations

Results: Millions of accelerated deductions "Since our initial engagement with KBKG was a success, we now engage them to review our fixed asset reporting annually"

Big 5 Corporation
Nasdaq: BGFV

Frequently Asked Questions

[How long does it take to complete a cost segregation study?](#)

From the time we receive all of the appropriate documentation, a cost segregation study normally takes about 60 days.

[What material is needed to complete a cost segregation study?](#)

Ideally, we would like a full set of construction plans, final AIA application and certification for payment document or other cost information, current tax depreciation records, building cost budget information, change orders, direct or indirect costs paid by the owner not included in other documents, and other information depending upon the project.

[What if I don't have the necessary materials? Can a cost segregation study still be performed?](#)

Yes, our engineering specialists can do an extensive site visit. They will measure and estimate costs using accepted techniques and pricing guides to identify all property costs and to determine which components qualify for shorter recovery life periods.

[Can I use my own engineers and accountants?](#)

From our experience, it is most beneficial and cost efficient for us to use specialists who are familiar with and specialize in cost segregation work. They understand the components that qualify and know how to document and substantiate their work. Consequently, their work also better withstands IRS scrutiny, and they are able to assist with any IRS challenges.

[How much is a feasibility study?](#)

A feasibility study (an estimated benefit calculation) is free.

[\(CLICK HERE FOR ADDITIONAL FAQs\)](#)

Talk with a member of our team to learn more about how CSG can take the worry out of complicated tax laws and save you money.

Contact us

COST SEGREGATION IN THE NEWS:

26 JUL, 2016

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25 SEP, 2015

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SUCCESS STORIES

“ Their expertise changed my life..... ”

— JANE DOE

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