

Cost Segregation Basics

Save taxes and increase cash flow...

Cost segregation can be a strategic tax-saving tool for real estate developers, retailers, manufacturers, or any organization that has purchased, renovated, or constructed property in the last 10-15 years.

Without cost segregation, building components are depreciated over 39 years. A cost segregation analysis identifies personal property that can be depreciated over a variety of shorter recovery periods utilizing accelerated depreciation methods.

The ideal time for a cost segregation analysis depends on your tax situation. It can be:

- **Post-purchase, Remodel, or Construction**

IRS Form 3115, Application for Change in Accounting Method, makes it easy to go back and claim missed depreciation on assets acquired as far back as 1987 without amending prior tax returns.

- **Year Placed in Service**

The optimum time is during the year a building is being constructed, purchased, or remodeled. This allows the owner to immediately optimize tax savings and accurately classify assets.

You will appreciate our expertise and thoroughness

Our multidisciplinary team of cost segregation consultants includes tax experts and engineers. They have the experience and skills to help you identify and document the shorter-lived assets in your project. They also know the judicial decisions, IRS rulings, regulations, and interpretations that make cost segregation studies complex.

Our hope is that you will appreciate the bottom line savings created by our expertise and thoroughness.

Typical Savings can be 3 – 10% of your Real Estate Investment!

A proven cost segregation methodology

- 1 Interview
- 2 Site Visit
- 3 Report & Tax Compliance

MRPR has a three-stage approach to cost segregation analysis. We begin by interviewing you so that we

can understand your organization's scope of capital investments. We then estimate your cost segregation benefit to help you decide whether our cost segregation services are right for you.

If you decide to move forward, we visit your site and gather relevant data and documents. We use the information to conduct an engineering and tax analysis and prepare your report.

In the final phase, our cost segregation consultants review the report with you, prepare any necessary tax compliance forms (Form 3115 — Application for Change in Accounting Method), and deliver the final study.

For more information on Cost Segregation Basics, or how MRPR can assist you, please contact:

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