

# COST SEGREGATION SERVICES

## What is Cost Segregation?

Cost Segregation is a practical and legal means of increasing cash flow through accelerated depreciation of building costs.

The cost segregation process involves an initial survey to identify the costs and a subsequent study that helps building owners to write off their building in the shortest amount of time permissible under the law. This acceleration of depreciation minimizes tax liability, and increases cash flow, in the early years of a building's life when cash is typically in short supply.

The purpose of a cost segregation study is to allocate costs to either real property or personal property, and to classify those costs in the most optimal Modified Accelerated Cost Recovery System (MACRS) asset lives as recognized under the Internal Revenue Code, tax rulings, and existing Tax Court case law.

Companies that utilize cost segregation studies significantly improve their return on investment (ROI).

## HOW BUILDING OWNERS CAN BENEFIT



### MAXIMIZE TAX DEFERRALS

by indentifying the assets eligible for accelerated recovery, your tax deductions can be accelerated and utilized in the years immediately following construction.

### INCREASE CASH FLOW

by accelerating the depreciation deductions, more depreciation would be utilized in the 5 to 15 years following the construction, and less of your cash will go to taxes in those years.

### IMPROVE TAX RATES ON SALE OF THE PROPERTY

by allocating sales price to separate asset classes, more favorable rates on taxable gain may be utilized.

Rest assured that our team of professionals will hold to the highest standards in order to provide you with the most accurate and legally viable report.



345 High St, Bradford, PA 16701  
(814) 362-4696 • [www.kesselco.com](http://www.kesselco.com)

# COST SEGREGATION SERVICES continued



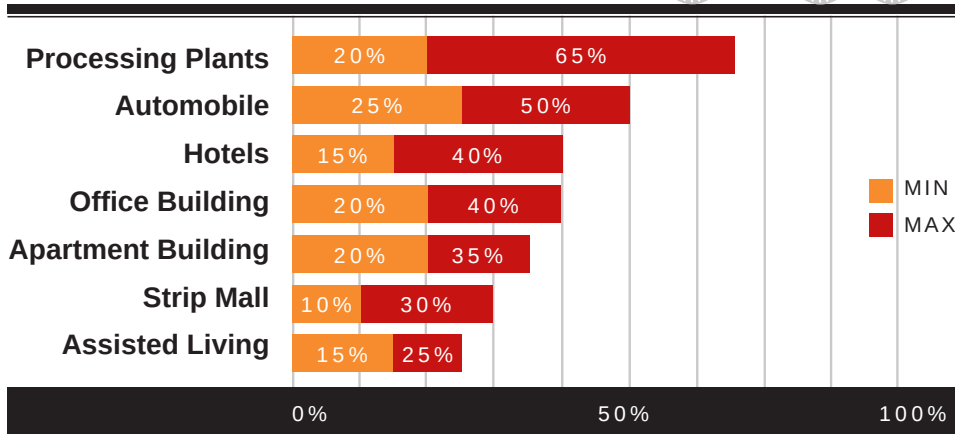
Utilizing Tax Reduction Strategies can add greatly to the bottom line. By bridging the gap between Accounting, Construction, and the Tax Code, Tax Reduction Strategies can help save money on your next tax bill.

## Great Savings

Saving may include and/ or be due to the location of the property, the percentage of property containing built out internal space, the amount and type of personal property within the building and the amount and extent of site (land) improvements on the property.

The chart below reveals the average expected reallocation that various building types receive via a Cost Segregation Study.

### EXPECTED REALLOCATED COSTS



The percentages are averages, actual study results may differ due to the specific characteristics of a given property. Such characteristics may include the location of the property, the percentage of property containing built out internal space, the amount and type of personal property within the building and the amount and extent of site (land) improvements on the property.

### Typical Items for Cost Segregation

Carpet

Decorative Lights

Parking lot

Signs

Modular Offices

Process plumbing

Data wiring

Machine pads

For more information on cost segregation items, please visit us online or contact us at (814) 362-4696.



345 High St, Bradford, PA 16701  
(814) 362-4696 • www.kesselco.com