



Cost Segregation Services

What is Cost Segregation

Cost segregation is a highly beneficial and widely accepted tax planning strategy utilized by commercial real estate owners and tenants to accelerate depreciation deductions, defer tax, and improve cash flow. A cost segregation study can be performed on constructed, acquired or remodeled real estate.

How Does it Work?

Building costs are classified into various categories for federal income tax purposes. Each type of building cost has a different recovery period and method under the Modified Accelerated Cost Recovery System (MACRS). We perform a detailed analysis to properly identify building components and improvements that can be reclassified to get the most significant benefit.

Why Should I Perform a Study?

Without a cost segregation study, you may only be able to use straight line depreciation over 39 or 27.5 years. It provides your accountant with accurate information to re-categorize certain assets to 5, 7, and 15 depreciable lives, which substantially increases tax savings in the earlier years of owning your property.

The Next Step

Take the first step and call our office at (814) 536-7864 to see what our firm can do for you.

When Should a Study be Done?

It is best to have a study completed for the year the building or improvements are placed in service. However, Taxpayers can also have cost segregation studies performed on a retroactive basis. Furthermore, the tax benefits of the retroactive studies may not require amended tax returns to be filed.

The Benefits of Cost Segregation Include:

- Maximize Annual Depreciation
- Reduce up Front Income Tax Costs
- Lower Cost of Capital
- Improve Cash Flow
- Ability to Write-off Individual Assets in Future When Removed

Some property owners believe that every CPA is qualified to perform this study, but this is a misconception. To obtain the best results, the work should be performed by a CPA that is experienced in conducting cost segregation studies.

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