



COST SEGREGATION



REDUCE REAL ESTATE TAXES. MAXIMIZE TAX DEFERRALS.

Cost Segregation is a comprehensive analysis for identifying and properly classifying capital expenditures, thereby maximizing depreciation. Often, when constructing a new building or undergoing a major remodel, assets qualifying for accelerated depreciation are part of the total project cost but are unidentified. As a result, they are assigned to a 39-year life along with the building. By failing to identify these assets, you don't maximize depreciation and waste valuable cash resources on tax payments.

HOW YOU WILL BENEFIT

This service may result in:

- Maximized tax deferrals through accelerated depreciation deductions
- Increased cash flow
- An audit trail supporting the classification of assets
- Reduced real estate taxes
- The potential to substantially reduce sales/use tax costs

STUDIES BENEFIT A VARIETY OF PROPERTIES

Tax saving opportunities exist for:

- New building and leasehold improvement construction
- Acquired facilities (purchased or exchanged)
- Renovations and expansions
- Step-up partnership basis (754 Adjustment)
- Existing facilities and leaseholds improvements where depreciable lives have not been shortened (481(a) adjustment)

THE BARTLETT, PRINGLE & WOLF APPROACH

At BPW our studies involve several steps:

- **A complimentary** cost segregation analysis on potential savings
- **An on-site visit** and inspection of the property
- **Discussions** with you, your engineer and other key people about the purpose and function of the property and related equipment
- **Analysis** of the capitalized cost, including the general contractor's final application for payment, change orders, architectural fees, owner-incurred costs and other submitted costs
- **Allocation** of indirect costs to project assets
- **Classification** of the final project costs
- **A written report** with detail to support our findings in compliance with the IRS standards stipulated in the Audit Techniques Guide for Cost Segregation Studies
- **A thorough examination** of architectural/engineering drawings and specifications to determine assets available for accelerated cost recovery

FOR MORE INFORMATION

For a complimentary cost segregation analysis on how BPW can help you accelerate depreciation and improve cash flow on your facility, contact Grace Stalica, Cost Segregation Services partner.

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