

COST SEGREGATION STUDIES



Proper identification and segregation of assets associated with new construction, leasehold improvements and acquisitions can result in substantial cash tax benefits. Initiating a cost segregation study can be an effective tool for maximizing tax deductions and reducing taxable income when constructing a new building, renovating or expanding an existing building, making leasehold improvements or acquiring real property and land improvements.

Weaver properly allocates the construction costs between real property and personal property which often depreciate at different rates. In addition to providing cash tax savings, cost segregation studies can be used to determine the correct tax units of property prescribed in regulations and to identify components of buildings and leasehold improvements in case of future repairs, partial dispositions and retirements.

WHY WEAVER?

Weaver's Fixed Asset Advisory professionals focus on accounting methods, capitalization, cost recovery and various tax credit services, and we work with you to develop comprehensive and thorough strategies to help achieve immediate and long-term benefits.

Our audit-ready deliverables can be used to sustain positions on federal tax returns as well as assistance in implementing the solutions into existing ERP/tax depreciation systems. With client successes that include the preparation and execution of engagements throughout the U.S. by our in-house Internal Revenue Service (IRS) enrolled agents (EA), CPAs and engineers, our work has been consistently accepted upon review by the IRS.

BENEFITS OF A COST SEGREGATION STUDY

- ▶ Accelerates depreciation to yield cash tax savings
- ▶ Allocates construction indirect costs
- ▶ "Catch-up" missed, prior year deductions by filing Form 3115, Application for Change in Accounting Methods
- ▶ Identifies units of property for future repairs and dispositions
- ▶ Optimizes gain deferral in opportunity zones
- ▶ Reduces REIT taxable income and helps manage distributions

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