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// Cost Segregation & Fixed Assets

Cost Segregation and Fixed Asset Studies

Most companies overstate 39-year real property. A cost segregation study tackles this problem by reclassifying assets to maximize personal property. This optimizes depreciation deductions resulting in substantial cash flow benefits.

Cost segregation requires an understanding of the complexities of the tax code and of the materials and methods of construction design. McGuire Sponsel's unique approach to cost segregation employs civil, structural and architectural engineering knowledge to identify components that qualify for accelerated depreciation. All actual and estimated asset costs along with their classifications are then documented to withstand IRS scrutiny.

When should you consider a cost segregation study?

If you have recently acquired business properties in any of the following ways, you may benefit from cost segregation:

- Construction of new buildings
- Renovation or remodel of existing structures
- Purchases of existing properties
- Leasehold improvements
- Any post-1986 real estate acquisition

Much like cost segregation, a fixed asset review can increase cash flow by accelerating depreciation. However, a fixed asset review considers all fixed assets rather than just specific real estate investments. A fixed asset study may include multiple cost segregation studies in order to maximize depreciation deductions. For companies with a significant quantity of assets on the books, a fixed asset study may generate a much higher current-year adjustment to taxable income as compared to a cost segregation study.

> **"We use a full engineering approach to optimize your depreciation deduction and maximize the return on your investment."**
>
> – David McGuire
> Director
> McGuire Sponsel

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201 N. Illinois Street, Suite 1000 | Indianapolis, IN 46204 | (317) 564-5000 | www.mcguiresponsel.com