

### Auto Dealership

#### Client Profile

McGuire Sponsel professionals were contacted to perform a cost segregation study for an auto dealership located in Cincinnati, OH that underwent an \$8.4 million renovation in 2013. The original dealership had been purchased in 2010 at a cost of approximately \$2.9 million. The cost segregation study was completed in the same year that the renovation was capitalized.

#### The Challenge

McGuire Sponsel employees completed a detailed, engineering-based cost segregation analysis for the tax year in which the properties were placed in service. Our specialists physically inspected the properties and reviewed significant property documentation including all available blueprints and construction invoices. Our specialists also inspected fixed asset schedules and general ledgers in an effort to identify assets that had been repaired or partially disposed. The deliverable report included detailed documentation and calculations for each type of asset capitalized and cited tax law to support all asset classifications.

#### Study Results

A traditional cost segregation on this property saved the taxpayer \$608,101 over the first five years with a \$490,935 Net Present Value. However, as part of the renovation, the dealership removed a number of assets that were no longer being utilized. This included replacing large portions of the HVAC system, lighting system, and other 39-year assets. By recognizing these assets, the auto dealership's savings over the first five years increased to over \$757,000 with a Net Present Value exceeding \$589,000.

**Accelerated depreciation deductions saved \$608,101 over the first five years with a \$490,935 NPV. As part of a renovation, the partially disposed assets increased savings to over \$757,000 with a NPV exceeding \$589,000.**

