the Results

// Cost Segregation & Fixed Assets

Hotels

Client Profile

McGuire Sponsel performed cost segregation studies for a company that owned and operated 13 hotels, including a water park facility. The client had been actively investing in hotels by purchasing and renovating existing properties in various cities across the United States. Over a period of two years, the company had acquired properties with a total depreciable basis in excess of $50 million.

Our Process

In about four weeks, McGuire Sponsel employees completed a detailed, engineering-based cost segregation analysis of the properties. Our specialists physically inspected each property and reviewed significant property documentation including all available blueprints and construction invoices. The deliverable report included detailed documentation and calculations for each property and cited tax law to support all asset classifications.

Study Results

Based on our study, the client was eligible to receive a catch-up depreciation deduction in excess of $1.3 million on their current-year tax return. This adjustment, in addition to increased depreciation deductions over the next several years, produced an estimated net present value of tax savings in excess of $2.1 million over the life of the investments.

McGuire Sponsel's study yielded a catch-up depreciation deduction of more than $1.3 million. This and other deductions produced NPV of $2.1 million in tax savings for them.

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

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