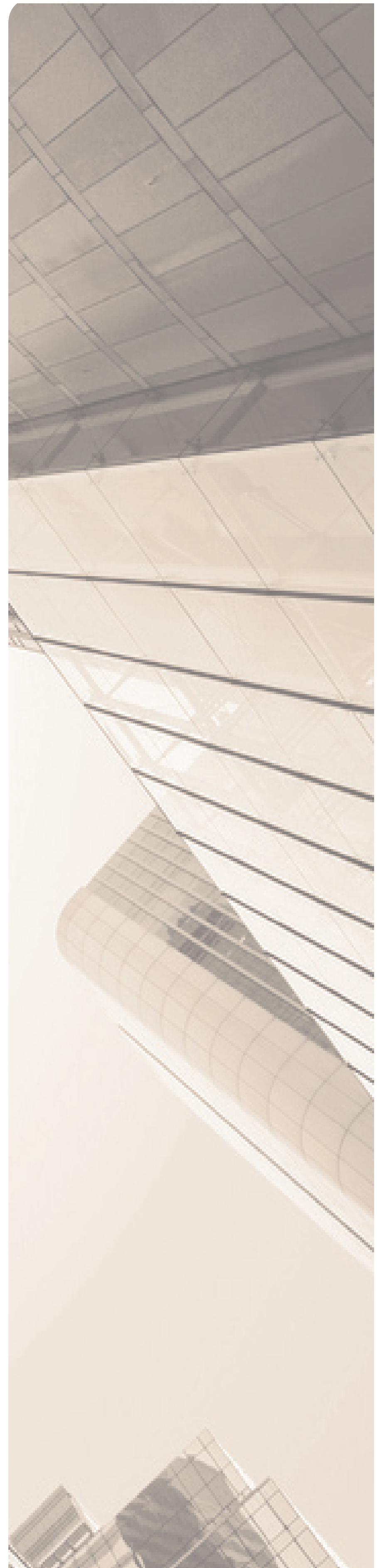
the Results

// Cost Segregation & Fixed Assets



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Distillery

Client Profile

In 2016, the owner of a bourbon distillery constructed and placed in service a $14.5 million dollar whiskey distillery. The client was overstating the amount of 39-year real property and limiting the depreciation deductions available in the early years of their investment. The client engaged McGuire Sponsel to perform a cost segregation study, properly identify and classify all assets in the scope of the construction project, and optimize depreciation deductions on their federal tax return.

The Strategy

McGuire Sponsel employees completed a detailed, engineering-based cost segregation analysis of the property in 2016, the same tax year the property was capitalized. In order to produce a comprehensive study, our tax consultants physically inspected the property and reviewed all available significant property documentation including blueprints, invoices, and appraisals. 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

McGuire Sponsel professionals were able to reclassify approximately 60 percent of the assets into five, seven, or 15 year property. Accelerated depreciation deductions resulting from our study yielded an additional $1.8 million of increased cash flow over the first year and a net present value of $1.7 million over the life of the investment.

> **Accelerated depreciation deductions yielded an additional $1.8 million in cash flow over the first year and a NPV of $1.7 million over the life of the investment.**

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