

# CJ&A

## Are You a Candidate For Cost Segregation?

**Cost Segregation** is a proven tax planning strategy that allows commercial property owners to accelerate substantial depreciation deductions and defer tax payments. A taxpayer can use Cost Segregation for newly constructed buildings or when buying existing properties. It is best to incorporate Cost Segregation as early as possible in the construction stage or at the time a building is purchased in order to maximize the tax benefit you receive. You can, however, also recapture understated or "missed" depreciation for past construction, purchases, expansions, renovations and leasehold renovations via a "Look Back" Cost Segregation study. In this case, no amended tax returns are required: the so-called "catch-up" depreciation is taken in one year by filing a Form 3115 (Change in Accounting Method).

*All properties constructed, acquired, or renovated after 1986 qualify under the IRS guidelines. It can be a new building currently under construction; existing buildings undergoing remodeling, restoration or expansion; purchases of existing property constructed anytime, but placed in service after 1986; office / facility leasehold improvements on your current facility and "fit outs".*

### COMMERCIAL PROPERTY EXPENDITURES IDEAL FOR A COST SEGREGATION STUDY?

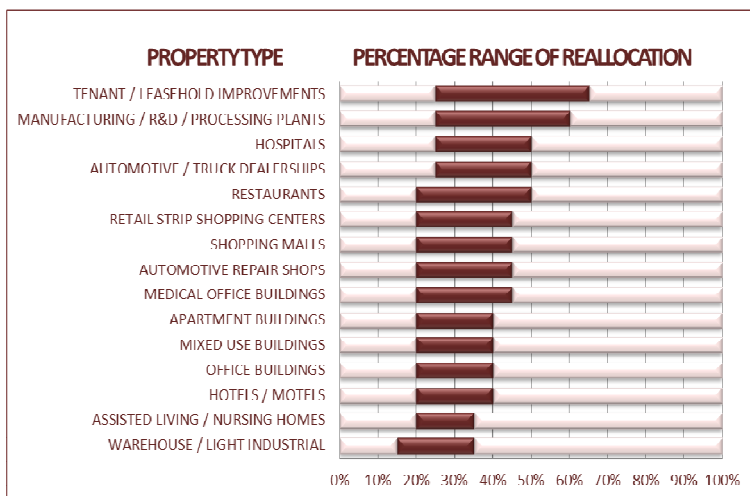
- New construction projects, additions or expansions
- Renovations or tenant / leasehold improvements
- Purchase of an existing property
- Real property stepped-up through estate

### WHAT MAKES AN INDIVIDUAL OR COMPANY A GOOD CANDIDATE FOR A STUDY?

- Any individual or company planning to hold property long enough to avoid recapture issues. Usually three years or more depending on an individual's tax situation.
- Any individual or company currently paying taxes.
- Any individual or company who would benefit from increased cash flow through additional depreciation deductions.

### THE MOST COMMERCIAL PROPERTY TYPES THAT WOULD BENEFIT FROM A COST SEGREGATION STUDY:

\* Warehouses \* Office Buildings \* Apartment Buildings \* Retail Shopping Centers \* Manufacturing Facilities \* Auto Dealerships \* Restaurants \* Hotels \* Medical Office Buildings \* Hospitals \* Banks \* Sports Complexes \* Assisted Living / Nursing Homes \* Resorts \* Tenant / Leasehold Improvements



### Quality is our business

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