



MAXIMIZING CASH FLOW

PROJECT PROFILE: Apartment Complex

TAXES SAVED: \$178,500

Apartment Complex



*Tax Savings: \$178,500**

Property Overview:

A cost segregation study was requested by a commercial real estate owner in regards to their apartment building. The objective of the study was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes. The building was placed in service in September 2007 with a cost basis of \$1,981,943.

Engineering Process:

The project engineer examined all design and construction documents, contractor payment requisitions and other related data to determine the cost basis for every component in the building. Next, the project engineer conducted an on-site study to identify, measure, quantify and photograph all assets eligible for accelerated depreciation.

Results:

The cost segregation study allowed the owner to reclassify over \$425,000 worth of assets to shorter year life resulting in a tax savings of \$178,500*. *Represents the 10 year NPV (net present value) savings using a 6% discount rate.

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