

Cost Seg 101

[How Accelerated
Depreciation and Benefits are
Realized]

The table below provides an EXAMPLE of how a Commercial Property owner realizes benefits when utilizing the accelerated depreciation (identified by an engineering based **COST SEGREGATION ANALYSIS**) because:

- > the **INCREASED** depreciation lowers the overall taxable income
- > the **LOWER TAXABLE** income, means lower taxes to be paid
- > which means **MORE MONEY** stays in your pocket!!

NOTE: This example is to communicate the "CONCEPT" of benefits received via Accelerated Depreciation

The assumptions below include:

- Tax Rate of **40%**
- The Cost Segregation Study identified **30%** of real property to be reclassified to personal property, changing the asset life from 39 to 5, 7, or 15 years.

Property Value (example)	2,000,000
Add'l Depreciation from a Cost Segregation Study (30%)	600,000
Assumed Tax Rate	40%
TAX Benefits	\$ 240,000