As a commercial property owner, did you know that cash flow from tax savings of 6-10% through Cost Segregation and Tangible Property Regulation compliance are available? That's \$60K-\$100K for each \$1M in building costs!

It's your money. Keep more of it.

What is Cost Segregation?

Cost Segregation is an application by which commercial property owners accelerate depreciation and reduce the amount of taxes owed. This savings generates substantial cash flow that owners often use to reinvest in business, purchase more property, apply to their principal payment or spend on themselves.

How Does Cost Segregation Work?

Cost Segregation Services, Inc. (CSSI) an experienced and qualified company, performs an engineering-based cost segregation study on your property. The study accelerates the depreciation of your building/renovation components into shorter depreciation categories such as 5-, 7-, 15-year rather than the conventional 27.5- and 39-year schedules. Five- and 7-year items might include decorative building elements, specialty electrical for dedicated computer equipment and medical equipment, and carpet, tile, etc. Fifteen-year items might include site utilities, landscaping, and paving. This engineering-based cost segregation study results in a much higher depreciation expense and significantly reduced taxable income for the property owner. Best of all, tax code ruling states cost segregation can be applied to categories of buildings purchased or built since 1986, including renovations. There is no need to amend your tax returns.

Actual Savings Generated by Cost Segregation Studies

Facility Type	Total Property Cost	First Year Cash Flow from Tax Savings	Five Year Cash Flow from Tax Savings
Office Condo	\$480,000	\$12,783	\$31,229
Restaurant	\$540,000	\$9,934	\$38,179
Medical Facility	\$663,000	\$6,962	\$36,124
Leasehold Improvements	\$1,400,000	\$53,751	\$131,569
Warehouse	\$3,600,000	\$57,540	\$286,372
Apartments	\$15,000,000	\$236,763	\$570,288
Retail Strip	\$22,300,000	\$379,793	\$848,160

CSSI®

Cost Segregation Services Incorporated

Who is CSSI?

CSSI is the premier national company providing quality, affordable, engineering-based cost segregation studies and tax analysis studies for businesses for over 14 years. CSSI has successfully completed over 15,000 studies nationally, with properties ranging from \$150,000 to \$750 million in cost. Our national coverage and extensive expertise allows us to work with customers and properties across the United States.

How to get Started

Follow the AICPA recommendation for application: Get an engineering-based cost segregation study. It's easy:

1. Call your CSSI representative to request a no-cost preliminary property analysis to illustrate your potential savings.

2. Engage CSSI to begin your cost segregation study. The process is usually completed in four to six weeks, after which we provide the CSSI study to you and your tax professional.

3. Your tax professional will apply the results to your tax return and you will realize your tax savings dollars. This is your money!

For more information on receiving a no-cost preliminary analysis, please contact:

Brian Haney
630 277 7521
Bcostseg@gmail.com

cssistudy.com

What a Cost Segregation study will do for you...

The financial benefit:
As a commercial property owner, you can receive cash flow from tax savings of 6-10% of your building cost within the first five years of ownership. That's $60K-$100K for each $1M in building costs.

Increase your cash flow:
With less taxable income, you can increase your company's cash flow significantly. Our cost segregation studies enable you to keep more of the money you make.

Grow your business:
What you do with that money is up to you. Many of our clients use their tax savings to reinvest in their business, purchase property, expand operations, or pay off their principle building payment.

Brian Haney

630 277 7521

Bcostseg@gmail.com

CSSISTUDY.COM

How will a Cost Segregation study create cash-flow for my business?

Cost segregation is the method of reclassifying components and improvements of your commercial building from real property to personal property. This process allows the assets to be depreciated on a 5-, 7-, or 15-year schedule instead of the traditional 39-year life of real property. Thus, your current taxable income will be greatly reduced and your cash flow will increase $60,000 to $100,000 for every $1,000,000 of building cost. **This is your money to use now.**

How will the new Tangible Property Regulations affect my business?

The new repair and maintenance regulations are the biggest tax change since 1986. Since the issuance of the of the final regulations, the demand for Cost Segregation studies is on the rise. Compliance with the new regulations is not optional, and Cost Segregation is called "the certain method" to getting the calculations right.

First, your existing depreciation schedule must be scrubbed and any items that do not rise to the new level of capitalization MUST be expensed. Regulation 1016-3 says that if this is not done *prior* to an audit the remaining depreciable basis of the items can be disallowed. **Second,** moving forward there are new capitalization criteria and three safe harbors that can be utilized to expense expenditures that would normally be capitalized. You and your CPA can utilize these safe harbors to strategize about how and when repairs should be made.

Can I schedule my repairs and maintenance so that they can be expensed?

Yes. There are three strategies available. You should be proactive and strategize on all expenditures that are over $2,500 for 2017. The **first** is the de minimus safe harbor limit which all businesses can take advantage of in 2016 and beyond. Any expenditure under $2,500 can be expensed. **Second,** if expenditures are deemed repair and maintenance, not a betterment, they can be expensed. **Third** is the small tax payer safe harbor which is an excellent opportunity for commercial and income property owners. Owners would take 2% of the unadjusted basis of each building and write down expenditures under that 2% number.

I heard that I can expense items that were removed and disposed of after my renovation including labor. Is that true?

This is a partial asset disposition. An owner can write off the remaining depreciable basis of assets that went in the trash during a renovation, addition or improvement, including the labor to remove the items. This can only be done in the year of the renovation.

CSSI®
Cost Segregation Services Incorporated