

# HAVE YOU MADE RECENT RENOVATIONS?

Take a write down the items that went in the trash in the year the renovation was made.

## What is a PAD?

A Partial Asset Disposition (PAD) allows a building owner to write down the items removed during a renovation or remodel, as well as the costs for the **removal and disposal** of those items.

## How does a PAD work?

**Use it in the year you complete the renovation or lose it forever!**

Commercial property owners can receive a tax deduction in the current year, but it is a “use it or lose it” opportunity. Failure to write down the remaining basis in the tax year the renovation was performed will permanently negate the opportunity. A partial asset disposition will also yield permanent tax savings at the time of sale by reducing the building basis. The implementation of an engineering-based cost study will provide you with accurate calculations to apply the disposition to your tax return. Taxpayers are highly encouraged to make an annual election to take these additional write-offs as they improve tangible property.

## Who should implement annual PADS?

- Retail lessors with tenants leaving assets behind
- Property owners with replacements, renovations, and improvements to facilities in the current tax year
- Property owners who may have demolished and improved facilities in the current tax year
- Businesses that have replaced, improved, or refurbished major components of operating equipment in the current tax year
- Businesses that are pass-through entities which may be contemplating a sale in the next two years. There may be substantial appreciation in the facilities or operating assets to be sold.

### Actual Renovation Tax Savings

	Original Building	Demolition	Renovation
Cash Flow	\$134,718	\$53,279	\$126,243
Total Tax Savings		\$314,240	

## Who is CSSI?

CSSI is the premier national company providing quality, affordable, engineering-based cost segregation studies and tax analysis studies for businesses since 2003. CSSI has successfully completed over 20,000 studies nationally, with properties ranging from \$150,000 to \$1.5 billion in cost. Our national coverage and extensive expertise allows us to work with customers and properties across the United States.



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