

Tax Benefits Via Cost Segregation

Benefits of Cost Segregation

A cost segregation study is an IRS approved Federal Income Tax analysis that increases near term cash flow by utilizing shorter recovery periods to accelerate the return on capital from your investment in property. Whether it is newly purchased, renovated, or constructed property, or even retroactive on one of your existing properties, the components of a building may be properly reclassified through a cost segregation study by using shorter recovery periods for depreciation. The study carves out certain qualifying portions of a building into 5, 7 and 15-year life spans that are normally buried in 39 or 27.5 year categories.

By applying cost segregation, property owners accelerate depreciation, reduce tax liability, and increase their bottom lines. This aids in future benefits via abandonment, repairs, routine maintenance, and overall asset management. These studies provide a detailed engineering review of assets including special purpose mechanical and electrical systems, decorative finishes, site improvements, and any process related to special purpose construction.

MM Consulting Solutions can assist your staff in obtaining and analyzing complimentary quotes for Cost Segregation Studies.

Note: Each client is unique. Please contact MM Consulting Solutions if you would like to develop a custom solution for your business.