

## COST SEGREGATION

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Reclassifying certain real estate assets and accelerating their depreciation can help generate substantial tax deferral for owners of income-producing properties. The Real Estate Group at Marks Paneth & Shron LLP (MP&S) has extensive experience recognizing opportunities for property owners to reduce their income tax liability and increase their net after-tax cash flow through the process of cost segregation.

Our cost segregation analysts pinpoint the most effective ways for owners of income-producing properties to classify their various assets as personal property and land improvements so that they can derive the greatest benefit from the accelerated depreciation. Our cost segregation studies identify the assets eligible for accelerated depreciation deductions and optimize your federal tax depreciation.

### Experienced Real Estate Advisors

MP&S offers a team of dedicated real estate advisors who bring a broad range and depth of industry knowledge to each engagement. These professionals have extensive experience with cost segregation studies, ranging from residential rental properties and warehouses, through premiere office buildings, to complex multi-billion dollar power plants.

Our approach to cost segregation involves the use of engineers who are also appraisers. Our valuation and appraisal professionals include Accredited Senior Appraisers with the American Society of Appraisers (ASA) as well as individuals with MAI (Members of the Appraisal Institute) accreditation as well as certified general real estate appraisers. Additionally, we have tax attorneys who are prepared to assist with complex compliance issues. To keep up-to-date on both the real estate and accounting industries' most current regulations and critical issues, our professionals take an active role in industry organizations such as ASA, the Appraisal Institute, the Appraisal Issues Task Force (a voluntary group of professional appraisers who wish to improve the practice of valuation) and the Real Estate Board of New York (REBNY).

### Benefiting From a Cost Segregation Study

Almost any type of income-producing property qualifies for a cost-segregation study. Owners can benefit when constructing a new building and renovating, expanding or acquiring an existing structure. Even if not claimed initially, the deductions can be claimed retroactively. Types of assets associated with real estate, plants and equipment that are potentially eligible for reclassification include:

- Carpeting
- Window Treatments
- Certain Dedicated Electrical Systems
- Food Service Equipment and Connections
- Data and Telecommunication Wiring and Equipment
- Sidewalks and Parking Lots
- Fences and Landscaping

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### Cost Segregation (Continued):

The MP&S cost segregation team takes into careful account the complex rules concerning federal tax depreciation. Our work is conducted in strict compliance with today's most current Internal Revenue Service Revenue Procedures and guidelines so that reclassification yields the optimal tax position.