

Cost Segregation Lowers Federal Income Tax

Individuals and investors in commercial real estate can benefit from a higher level of depreciation, a key non-cash tax deduction. A higher level of tax deductions allows the tax preparation expert to reduce federal income taxes. When short-life depreciating components are identified and valued accurately on federal tax forms, most owners experience savings of 4 - 50 times the modest cost of O'Connor & Associates cost segregation study.

We are real estate appraisal specialists in business for over 30 years. Find out why more corporations, general or limited partners and individual investors use an O'Connor & Associates cost segregation study to save taxes. We have collaborated with CPAs and tax lawyers who attest to our methodology and its adherence to IRS guidelines, even for 1031 exchanges.

5-Year Payback Example

Apartment Property Cost: \$1,825,000 Land: \$172,000 Total Improvement Basis: \$1,653,000

Depreciation WITHOUT Cost Segregation

Depreciation Life Category (Comm. Res. Maximum)	27.5 Year
% of Improvements Total Value Depreciated	100% \$1,653,000
Year 1 Depreciation Amount	\$60,109
Year 2 Depreciation Amount	\$60,109
Year 3 Depreciation Amount	\$60,109
Year 4 Depreciation Amount	\$60,109
Year 5 Depreciation Amount	\$60,109
Total:	\$300,545

Depreciation WITH Cost Segregation *(rounded percentages)*

	5 Year	7 Year	15 Year	27.5 Year	
	13%	0%	19%	68%	
	\$215,800	0	\$311,200	\$1,126,000	
	\$43,160	0	\$20,747	\$40,945	Total Depreciation
	\$43,160	0	\$20,747	\$40,945	\$104,852
	\$43,160	0	\$20,747	\$40,945	\$104,852
	\$43,160	0	\$20,747	\$40,945	\$104,852
	\$43,160	0	\$20,747	\$40,945	\$104,852
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Total depreciation with cost segregation:					\$524,260

Additional depreciation with cost segregation: \$223,715. Multiply additional depreciation by 35% tax rate*.

Result is \$78,300 additional tax savings!

**Federal tax rate, not including state tax if applicable.*



For more information:
www.CutMyFederalTaxes.com