KBKG

SOLUTIONS FOR TAX PROFESSIONALS AND BUSINESSES

TAX CREDITS · INCENTIVES · COST RECOVERY

EXAMPLE- COST SEGREGATION PRESENT VALUE SAVINGS ANALYSIS FOR AN APARTMENT COMPLEX

Project Cost (Less Land):	$2,000,000	*(* After FF&E Deducted)*
Tax Rate:	41%	
Present Value Factor:	8%	
Current Tax Year:	2005	

	WITH A STUDY		WITHOUT A STUDY	
Property Class	Estimated Reclass	Depreciable Basis	Estimated Reclass	Depreciable Basis
5 Year Property	16%	$320,000	0%	0%
7 Year Property	0%	0%	0%	0%
15 Year Property	9%	$180,000	0%	0%
27.5 Year Property	75%	$1,500,000	100%	$2,000,000
		$2,000,000		$2,000,000

	WITH STUDY					w/o STUDY	BENEFITS OF A COST SEGREGATION STUDY			
Year	5 Year	7 Year	15 Year	27.5 Year	Total Deductions	Total Deductions	Increased Deductions	Increased Cash Flow (aft. tax)	Present value of changes in cash flow	Year
1	64,000	0	9,000	27,273	100,273	36,364	63,909	26,203	26,203	2005
2	102,400	0	17,100	54,545	174,045	72,727	101,318	41,540	38,463	2006
3	61,440	0	15,390	54,545	131,375	72,727	58,648	24,046	20,615	2007
4	36,864	0	13,851	54,545	105,260	72,727	32,533	13,339	10,589	2008
5	36,864	0	12,467	54,545	103,876	72,727	31,149	12,771	9,387	2009
6	18,432	0	11,219	54,545	84,197	72,727	11,470	4,703	3,200	2010
7		0	10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,951)	2011
8		0	10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,807)	2012
9			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,673)	2013
10			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,549)	2014
11			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,434)	2015
12			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,328)	2016
13			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,230)	2017
14			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,139)	2018
15			10,629	54,545	65,174	72,727	(7,553)	(3,097)	(1,054)	2019
16			5,312	54,545	59,857	72,727	(12,870)	(5,277)	(1,663)	2020
17				54,545	54,545	72,727	(18,182)	(7,455)	(2,176)	2021
18				54,545	54,545	72,727	(18,182)	(7,455)	(2,015)	2022
19				54,545	54,545	72,727	(18,182)	(7,455)	(1,865)	2023
20				54,545	54,545	72,727	(18,182)	(7,455)	(1,727)	2024
21				54,545	54,545	72,727	(18,182)	(7,455)	(1,599)	2025
22				54,545	54,545	72,727	(18,182)	(7,455)	(1,481)	2026
23				54,545	54,545	72,727	(18,182)	(7,455)	(1,371)	2027
24				54,545	54,545	72,727	(18,182)	(7,455)	(1,270)	2028
25				54,545	54,545	72,727	(18,182)	(7,455)	(1,176)	2029
26				54,545	54,545	72,727	(18,182)	(7,455)	(1,088)	2030
27				54,545	54,545	72,727	(18,182)	(7,455)	(1,008)	2031
28				54,545	54,545	72,727	(18,182)	(7,455)	(933)	2032
	$320,000	$0	$180,000	$1,500,000	$2,000,000	$2,000,000	$0	$0	$75,919	

This calculation is for estimation purposes only. We do not recommend using these results for the preparation of tax returns. KBKG is not liable for incorrect use of the information provided. For an actual estimate of savings, please contact us at (626) 449-4225.