Condo Tax Basis Allocation Case Study

The best way to illustrate the direct financial benefits of a Condo Tax Basis Allocation Study is through the following KBKG case study:

A taxpayer builds a mixed-use development property for $15 million. The project consists of 10,000 sf of retail on the ground level with 20,000 sf of residential condominiums above. There is a shared underground parking garage and lobby area. The taxpayer plans to lease the commercial space and hold that portion for the foreseeable future. The taxpayer sells all condominiums in the first year and initially uses a square foot allocation to apportion $10 million towards the residential condominiums.

A Condo Tax Basis Allocation Study is performed by a CCSP and identifies an additional $800,000 of garage, lobby, HVAC and plumbing costs toward the residential condominiums. Depreciation for the commercial space is adjusted accordingly and gain calculations for the condominium sales are now based off of $10.8 million.

Taxpayer realizes $280,000* in tax savings in the first year verses depreciating the $800,000 over 39 years.
*($800K x 35% tax rate)

Do You Qualify?
Consult a KBKG Certified Cost Segregation Professional (CCSP) regarding the potential benefits of a Condo Tax Basis Allocation Study project.
» Find out if a Condo Tax Basis Allocation Study project could benefit you