MEDICAL
INCENTIVE ADVISORS

COST SEGREGATION: PROGRAM OVERVIEW

COST SEGREGATION: OPTIMIZING YOUR **ASSETS**

DEFINITION + SUMMARY BENEFITS

Every year, American business owners reinvest billions of dollars into their businesses in the form of physical structures, renovations, and build-outs.

In today's dynamic business environment, where innovation and staying ahead are paramount, the intricacies of the US tax code may sometimes seem more like an obstacle than the valuable tools they should be. Consequently, failing to segregate build costs and allowing assets to depreciate under the default time frames can result in missed opportunities for optimizing tax benefits and may lead to higher tax burdens in the long run.

With Cost Segregation, your business can break up its slower-depreciating projects into their individual asset components, unlocking tax advantages and mitigating long-term tax burdens. Rewarding you for your investment faster.

HISTORY

Cost segregation originated with the **Tax Reform Act of 1986** and gained prominence in the late 1990s. Legal precedents solidified its methodology, making it a valuable tool for accelerating depreciation deductions.

IRS guidelines and the **American Jobs Creation Act of 2004** expanded its scope. Additionally, the **Tax Cuts and Jobs Act (TCJA) of 2017** brought further changes to depreciation rules, influencing the way cost segregation is utilized. Today, cost segregation remains crucial for optimizing cash flow and reducing tax liabilities in the ever-changing tax landscape.

REALIZING YOUR **EXPENDITURES**

HOW DOES IT WORK?

Typically, commercial construction projects fall under the **Modified Accelerated Cost Recovery System (MACRS)** with a 39-year depreciation schedule.

Instead of waiting for periodic tax benefits spread over your business's lifespan, strategic asset classification and tax planning can transform your construction project into an immediate tax advantage, saving you money right now.

MAKING YOUR **INVESTMENTS WORK**

WHAT CAN MIA DO FOR ME?

Our Cost Segregation program gives you and your tax professional everything you need to optimize your depreciation with confidence.

Included in our package are:

- Complete cost segregation study on our findings, drafted by expert industry specialists.
- Change of accounting methodology work papers prepared by our staff of in-house CPAs.
- Workpapers in .csv format for easy import by your tax professional, in federal, AMT, and state basis, if necesary, Audit Defense (in case of examination).

UNLOCKING VALUE FROM YOUR BUILD PROJECT

Build projects consist of several distinct components which are commonly grouped for tax purposes, leading to less advantageous depreciation.

To maximize immediate benefits, these components should instead be recognized as standalone depreciable items eligible for more favor-able depreciation rates.

Cost Segregation empowers business owners to fine-tune their tax strategy and more quickly realize the rewards of their investments.

TAX SAVINGS FOR EVERY INDUSTRY

The specifics of your buildout may change depending on your field, but every industry can qualify.

EXAMPLES OF PROPERTY TYPES + AVERAGE RE-ALLOCATION

APARTMENTS	20-35%
AUTO DEALERS	36-60%
HEALTH CARE FACILITIES	20-50%
RESTAURANTS	20-60%
MANUFACTURING FACILITIES	30-70%
GAS STATIONS	60-85%

COST SEGREGATION: CASE **STUDIES**

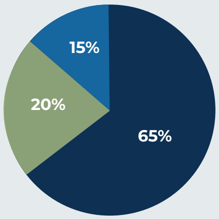
PROPERTY TYPE: MEDICAL OFFICE

Project Summary:

Purchase Price of the Property (less land): **$4,000,000**

Building Sq Ft: **15,000**

Allocation, After Study:



5-yr property	$600,000
7-yr property	$0
15-yr property	$800,000
39-yr property	$2,600,000

Results:

Accelerated **35%** of project depreciation before bonus depreciation

- Additional Tax Deductions in Year 1 **= $1,000,000**
- Net present value of additional cashflow over 5 years **= $300,000**
- Net present value of additional cashflow over 10 years **= $250,000**

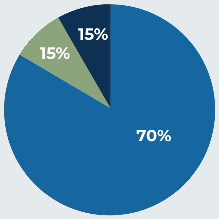
PROPERTY TYPE: RESTAURANT

Project Summary:

Purchase Price of the Property (less land): **$1,800,000**

Building Sq Ft: **1,400**

Allocation, After Study:



5-yr property	$1,200,000
7-yr property	$0
15-yr property	$270,000
39-yr property	$270,000

Results:

Accelerated **85%** of project depreciation with bonus QIP depreciation

- Additional Tax Deductions in Year 1 **= $500,000**
- Net present value of additional cashflow over 5 years **= $150,000**
- Net present value of additional cashflow over 10 years **= $130,000**

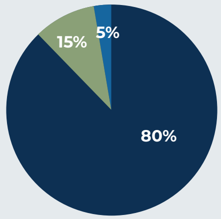
PROPERTY TYPE: OFFICE BUILDING

Project Summary:

Purchase Price of the Property (less land): **$50,000,000**

Building Sq Ft: **70,000**

Allocation, After Study:



5-yr property	$2,500,000
7-yr property	$0
15-yr property	$7,500,000
39-yr property	$40,000,000

Results:

Accelerated **20%** of project depreciation with additional TCJA bonus depreciation

- Additional Tax Deductions in Year 1 **= $7,000,000**
- Net present value of additional cashflow over 5 years **= $2,000,000**
- Net present value of additional cashflow over 10 years **= $1,500,000**

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We believe that long-term customer satisfaction is the cornerstone of our success.