WHAT IS COST SEGREGATION?

Cost Segregation is a commonly used strategic tax planning tool that allows companies and individuals who have constructed, purchased, expanded or remodeled any kind of real estate to immediately reduce tax by accelerating depreciation deductions and deferring federal and state income taxes. The following is a case study for a gas station with a convenience store to demonstrate the benefits of accelerated depreciation on this property type.

BUILDING TYPE: GAS STORAGE WITH CONVENIENCE STORE

SUMMARY OF BENEFITS

<table>
<thead>
<tr>
<th>Summary</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Tax Deductions in First Year</td>
<td>$551,904</td>
</tr>
<tr>
<td>Net Present Value (NPV) Over 10 Years</td>
<td>$319,326</td>
</tr>
<tr>
<td>NPV Over Remaining Life of Property</td>
<td>$256,874</td>
</tr>
</tbody>
</table>

*Benefits typical for tax returns filed 2018-2022

BUILDING INFORMATION

- **Purchase Price of Property (less land)**: $1,860,000
- **Property Type**: Gas station w/ convenience store
- **Building Sq Ft**: 6,800
- **Entire Site Sq Ft**: 76,100
- **Date Acquired**: July 2016
- **Federal Tax Rate**: 29.6%
- **State Tax Rate**: 5%
- **Combined Tax Rate**: 34.6%
- **ROI Factor**: 8%
- **Bonus Depreciation**: 0%

BUILDING ALLOCATION AFTER STUDY

- 5-yr property: $279,000
- 7-yr property: $0
- 15-yr property: $1,581,000
- 39-yr property: $0

CALCULATE YOUR TAX SAVINGS

Use our Cost Segregation Savings Calculator to estimate tax savings for your type of building. Enter building details for instant results at kbkg.com/costsegregation/calculator.

KBKG is a national tax specialty firm with offices across the U.S. To see if you qualify, call us or visit KBKG.com/qualify for more information.