

COST SEGREGATION CASE STUDY

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 fast food restaurant to demonstrate the benefits of accelerated depreciation on this property type.***



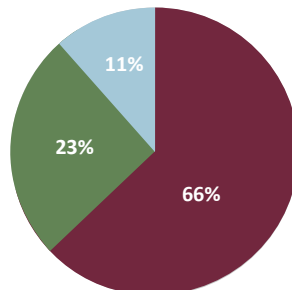
BUILDING TYPE: RESTAURANT - FAST FOOD

| SUMMARY OF BENEFITS | RESULTS |
|---|------------------|
| Additional Tax Deductions in First Year | \$356,158 |
| Net Present Value (NPV) Over 10 Years | \$103,258 |
| NPV Over Remaining Life of Property | \$85,324 |

**Benefits typical for tax returns filed 2018-2022*

BUILDING ALLOCATION AFTER STUDY

| | |
|------------------|------------------|
| ■ 5-yr property | \$243,800 |
| ■ 7-yr property | \$0 |
| ■ 15-yr property | \$116,600 |
| ■ 39-yr property | \$699,600 |



BUILDING INFORMATION

| | |
|--|-------------------------|
| Purchase Price of Property (less land) | \$1,060,000 |
| Property Type | Restaurant - fast food |
| Building Sq Ft | 3,200 |
| Entire Site Sq Ft | 44,000 |
| Date Acquired | July - Current Tax Year |
| Federal Tax Rate | 29.6% |
| State Tax Rate | 5% |
| Combined Tax Rate | 34.6% |
| ROI Factor | 8% |
| Bonus Depreciation | 100% |

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.

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