



## The Immediate Impact of Cost Segregation A Case Study

Our clients' confidentiality is of utmost importance to us! Our case studies are examples of actual companies that utilized Capital Discovery® to improve their financial health.

### Cutting Tax Burden, Improving Cash Flow and Growing Business

This Phoenix couple was a match made in heaven. The husband is a very successful and renowned veterinarian. His wife is a trusted OBGYN. They both run top-notch practices and make a good income. They are also fortunate enough to be their own landlord, purchasing and improving the buildings from 2004 through 2006 and again in 2010. The great news was that the years of hard work and education had paid off. The challenge was the significant tax liabilities they were faced with every quarter.

### Challenges

- Continuing to provide the best service in their respective industries with tightening budgets.
- Eliminating tax burden and ensuring they can grow their practices by utilizing the monies elsewhere.
- Utilizing tax opportunities through the buildings they currently own that have significantly declined in value.

### Solutions & Capital Discovery®

A cost segregation study on the buildings owned by the couple allowed traditionally 39-year property (written off over 39 years) to be reclassified to either 5-year, 7-year or 15-year property based on a detailed, engineering-based analysis of the blueprints and asset usages. Certain parts of the building could actually be depreciated much faster based on IRS guidelines. The IRS has issued an Audit Technique Guide (ATG) for their field agents which spells out the process of a properly conducted cost segregation. CRG follows this guide word for word. With hundreds of studies done over the years, not one has even been challenged by the IRS.

**Based on the cost of the buildings and the improvements that were done, the couple saved nearly \$300,000 in taxes over a 2-year period, fully eliminating their tax burden for two full years and part of another when they were historically paying well over \$100,000 in taxes each year.**

Utilizing these deductions enabled the veterinary clinic and the OBGYN office to grow and to continue supporting the community by ensuring that people and their pets were well cared for.

