

Construction and Tax Services Groups

Specialty groups with special know-how.

While we serve clients in a wide variety of industries, Elliott Davis delivers broader and deeper resources through groups that focus on specific industries. We leverage our information, people and experience to deliver accounting and business advisory services in ways only a specialized team can. These groups are led by shareholders who not only provide vision, but are involved in your day-to-day activities, challenges and solutions.

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ElliottDavis

Accountants and Business Advisors

Strength in numbers.

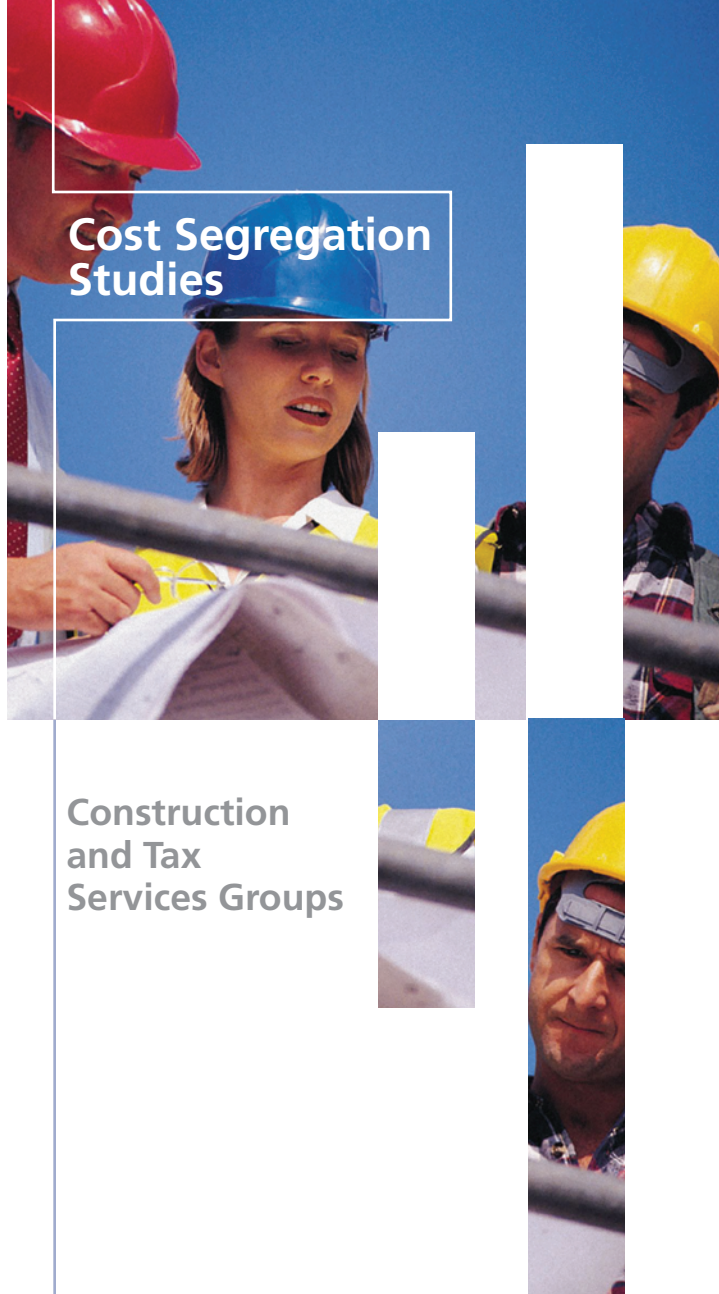
Cost Segregation Studies

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The Construction and Tax Services Groups of Elliott Davis combine their deep experience and expertise to assist clients in maximizing tax depreciation deductions for federal and state income tax purposes after construction, major renovation or the purchase of a building. Our groups coordinate their efforts to harness our broad construction industry experience and couple it with a comprehensive knowledge of tax allowances. The result is a dedicated team that ensures clients receive the full benefit from their investment.

COST SEGREGATION STUDY DEFINED

A Cost Segregation Study separates the costs of tangible personal property, land improvements and indirect costs from building and improvement costs. After a comprehensive analysis of “hidden costs,” tax depreciation deductions for federal and state income tax purposes are maximized.

Throughout the process, building costs are classified into three categories – each with a different method of depreciation and period for depreciation recovery:

Category	Depreciation Method	Period for Depreciation Recovery
Tangible Personal Property	200% Declining Balance	5 or 7 years
Land Improvements	150% Declining Balance	15 years
Real Property	Straight-Line	39 years

The proper classification of tangible personal property or land improvement can accelerate your tax deductions. Our team manages and documents the entire process – often resulting in reclassifying approximately 20 to 50 percent of the total project cost.

PROPERTY TYPES BENEFITING FROM

A COST SEGREGATION STUDY:

- *Newly constructed buildings*
- *Purchases of existing buildings*
- *Significant renovations or expansions of existing buildings*
- *Leasehold improvements*

HOW MUCH HAVE OTHER COMPANIES SAVED AS A RESULT OF A COST SEGREGATION STUDY?

The following are examples of tax savings incurred as the result of the Cost Segregation Study process:

Building Type	Tax Savings
\$4 - 6 million manufacturing facility	\$300,000 - 450,000
\$10 - 20 million hotel	\$310,000 - 500,000
\$30 - 45 million office building	\$800,000 - 1,500,000
\$1 - 3 million automobile dealership	\$50,000 - 100,000
\$10 - 15 million shopping center	\$500,000 - 750,000
\$1 - 4 million doctor's office	\$60,000 - 175,000

THE ELLIOTT DAVIS DIFFERENCE – EXPERIENCE AND EXPERTISE

Elliott Davis associates thoroughly understand the construction industry and tax implications of Cost Segregation Studies. Over the years, our professionals have performed Cost Segregation Studies resulting in millions of dollars of tax savings for our clients.

BUSINESSES WHICH BENEFIT FROM COST SEGREGATION STUDIES INCLUDE:

- *Apartment complexes*
- *Automobile dealerships*
- *Distribution centers*
- *Financial institutions*
- *Food processing plants*
- *Golf communities and resorts*
- *Hospitals and medical centers*
- *Hotels and motels*
- *Long-term care and assisted living facilities*
- *Manufacturing facilities*
- *Office buildings*
- *Physician practices*
- *Professional service firms*
- *Public utilities*
- *Recreational facilities*
- *Restaurants*
- *Retailers*
- *Sports facilities*