



# BDO Seidman, LLP Cost Segregation Services

## Overview

BDO Seidman, LLP's engineering based cost segregation team can provide a clear federal and, in some cases, state tax advantage to owners of commercial industrial real estate. These taxpayers are typically correct in depreciating personal property such as equipment and furniture over 5 or 7 years, but they often neglect available federal and state tax benefits by erroneously depreciating their entire investment in constructing or acquiring a building over 39 years. BDO Seidman, LLP's cost segregation team can help these owners/taxpayers achieve the following benefits:

- Federal income taxes can be greatly reduced in the early years of a building's life by accelerating federal tax depreciation deductions which results in increased current cash flow. In addition, post-September 11, 2001 federal tax legislation provides for bonus depreciation, which can further enhance these benefits.
- The net present value of the increased cash flow over the life of the facility may be significant.
- These services provide an independent third-party analysis of project costs. Our conclusions are based on sound engineering principles and are supported by IRS regulations, rulings and case law.

In addition to new construction projects and building acquisitions, these services can also provide benefits to taxpayers who have either constructed or acquired buildings in prior years:

- The classifications of property placed in service in prior years can be corrected with the filing of a Form 3115, *Application for Change in Accounting Method*, and does not require amending prior year tax returns.
- The depreciation adjustment for all prior years, which may be significant, can be fully recognized in the first year which can significantly increase cash flow.

BDO Seidman, LLP has provided cost segregation services to its clients, as well as clients of its BDO Alliance member firms, on a national basis for nearly 25 years. The cost segregation team is comprised of Professional Engineers, contractors and tax professionals who have over 70 years combined experience in cost segregation and over 200 years combined experience in building design and construction from both technical and financial standpoints. We have analyzed over \$9 billion in construction and acquisitions since 1997 alone providing tax advantages to many clients, large and small. Our experience includes studies of nearly every conceivable type of commercial property including manufacturing, hospitals, nursing homes, assisted living facilities, hotels, retail and grocery, cold storage, automobile dealerships, residential apartment complexes, and office buildings.