

# Cost Segregation Services



CONSULTING, INC.

*Expertise - Value - Quality - Trust*



## REITS & COST SEGREGATION

The purpose of our Cost Segregation Studies is to help maximize depreciation benefits for federal income tax purposes. Our extensive experience and knowledge of current legislation, regulations, revenue rulings, and court cases will provide you with a thorough and supportable analysis. ELB's experience with this tax strategy is unrivaled with over 9,000 studies to our credit to date. The methodologies and procedures we employ rely on fully documented engineering and appraisal techniques.

### **How Can REITS Benefit From ELB Cost Segregation Studies?**

- **A REIT can significantly reduce overall taxable income and subsequently its distribution requirement, thereby retaining additional cash flow.**
- **A CSS permits a REIT to pay dividends in the form of return of capital (untaxed until the shareholders shares are sold) instead of ordinary income. If the shareholder holds onto the shares for over 1 year, this will be taxed at the long term capital gains rate rather than the ordinary income rate**
- **Investors typically prefer dividends with the greatest percentage of return of capital. A CSS increases the return of capital component, thereby increasing the Taxable equivalent yield.**
- **REITs are eligible to derive up to 15% of their total rental income from personal property that is leased under, or in connection with, the lease of real property.**
- **Proper identification of 1245 property helps maximize the depreciation deduction resulting in increased cash flow.**

Our **engineering approach** to cost segregation analysis is unique in the industry. Using tax and construction skills, we examine internal cost documents, cost data, construction drawings, and depreciation schedules, if applicable. These will assist us in determining the cost basis for the property. We also plan to inspect all subject properties to secure photographs documenting those components that qualify for accelerated depreciation. **Our studies reconcile ALL project costs, and include a complete analysis of all property components, including 39 year assets. This detail allows owners to take advantage of future write-offs with this comprehensive management tool allowing a simple reference to retire asset components on demand.**