



Segregation Holding

Cost Segregation Specialists
www.SegregationHolding.com

CASE NO.
118

CASE STUDIES OF PROVEN PERFORMANCE

Taxes Saved: \$102,886*

Dental Leasehold Improvements

ENGAGEMENT OVERVIEW

Segregation Holding was engaged by The Smile Center to conduct a cost segregation study of their qualified leasehold improvements (also known as QLIs or tenant build-out). The objective was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes.

PROPERTY OVERVIEW

This family-friendly dentist office build-out was constructed and placed into service in January 2007 with a total depreciable cost basis of \$897,600. The QLIs consists of 4,890 square feet of dental operatories, lab and office space.

ENGINEERING PROCESS

Our engineers examined all design and construction documents, contractor payment applications, and other related data to determine the cost basis for every component in the building. Next, our engineer conducted an on-site inspection to identify and photograph all assets eligible for accelerated depreciation. Our team (on-site engineer, senior engineer, and tax specialist) reviewed the cost segregation study and certified it's thoroughness as well as it's accuracy.



ESTIMATE OF BENEFITS AND SAVINGS

The initial benchmark estimate we provided to The Smile Center showed a potential reallocation of \$190,762 or 25% to shorter recovery periods. The projected tax benefit was \$67,561 in first year savings.

RESULTS

Our study resulted in a total of \$290,448, or 44.8%, being rescheduled to 5-year property. As a result, the dentist partners retained over \$102,886 in current year income tax benefits.

Jeffrey M. Hobbs
Director

972-897-8019 Mobile
JHobbs@SegregationHolding.com

972-865-9050 Office
972-865-9626 Facsimile

2150 S. Central Expressway
Suite 200
McKinney, TX 75070

** Represents the 10-yr. net present value savings using an 8% discount rate if amount indicates NPV.*

We guarantee any commercial property owner who pays income taxes and owns or leases their office condo, building, or tenant improvements a minimum \$10,000 Federal income tax refund or credit or our services are free!