

the result



## **COST SEGREGATION STUDY SAMPLE RESULTS: RESTAURANTS**

### **CLIENT PROFILE**

McGuire Sponsel performed a cost segregation study for a restaurant property built two years earlier.

The client had operated her local restaurant in a leased property for several years before deciding to construct a new facility. She had classified the kitchen appliances and dining area furniture properly, but \$2.2 million of work performed by a general contractor was all capitalized as 39-year real property.

### **OUR PROCESS**

McGuire Sponsel's team completed a detailed, engineering-based cost segregation analysis of the property. Our specialists physically inspected the property and reviewed the general contractor's proposal, change orders and invoices, and all architectural and engineering drawings.

Our deliverable report included detailed documentation and calculations for each item of property and cited tax law to support corrected classification of 22% of the investment to personal property and land improvements.

### **STUDY RESULTS**

Based on our study, the client was eligible to receive a catch-up depreciation deduction of \$225,000 on her current-year tax return. This adjustment increased cash flows over the next five years by \$124,000 and produced an estimated net present value of tax savings in excess of \$90,000 over the life of the investments.



McGuire Sponsel helped this client receive a **catch-up depreciation deduction of \$225,000** on their current-year return, which **increased cash flows by \$124,000** over the next five years and produced **NPV of tax savings in excess of \$90,000.**



– David McGuire  
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