CAPSTAN
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ASSISTED LIVING FACILITIES:

See What's Possible with Cost Segregation

WHAT IS COST SEGREGATION

- Engineering-based analysis that identifies and quantifies building components
- Components are then reclassified into shorter-lived tax categories, resulting in accelerated depreciation, tax deferral, and increased cash flow
- Front-loading of depreciation leverages the time value of money

WHY PERFORM COST SEGREGATION

- Accelerated depreciation can create $30,000-$200,000 in federal tax benefits for every $1M spent
- IRS-preferred strategy leverages your fixed assets while serving as an excellent asset management tool
- Vehicle for tax savings – study methodology provides data supporting a myriad of additional tax strategies on your assisted living facility
- When dealing with a fit-out and/or renovation, bonus-eligible Qualified Improvement Property is in play
- The Tangible Property Regulations may be applied in renovation scenarios
- Engineers can generally accelerate 20-50% of assets in a facility – if specialized medical treatment is provided, that will boost the fraction of acceleratable assets

WHICH ASSISTED LIVING FACILITY ASSETS ARE COMMONLY SEGREGATED?

- Shorter-lived 5-year assets may include:
  - Specialized Medical and Care Equipment and Dedicated Electric and Plumbing
  - Carpet
  - Wallpaper
  - Window Treatments
  - Crown Molding
  - Counters and Cabinets
  - Decorative Lighting
  - Window Treatments
  - Fire Extinguishers
  - Security Systems
- Shorter-lived land improvements may include:
  - Landscaping
  - Paved Parking Lots
  - Sidewalks
  - Exterior decorative and site lighting
  - Outdoor gathering areas

EXAMPLE SMALL FACILITY ACQUISITION

- Single 23,000SF building, 38 units
- Salon, community center, full-service kitchen
- Depreciable basis: $3,138,176
- Placed-in-Service: January 2021
- Engineers accelerated 33.2% of assets
- First Year Tax Savings: **$356,664**

EXAMPLE LARGE FACILITY ACQUISITION

- Two-story 84,000SF building, 114 rooms
- Full-service commercial kitchen, dining room, physical therapy center, nurses' stations
- Depreciable basis: $17,480,000
- Placed-in-Service: November 2020
- Engineers accelerated 27% of assets
- First Year Tax Savings: **$1,556,280**

EXAMPLE FACILITY ADDITION/RENOVATION

- 6,500SF two-story addition, including land improvements, new sitting room
- Also renovated two wings
- Depreciable basis: $4,119,402
- Placed-in-Service: December 2021
- Engineers accelerated 20.3% of assets
- First Year Tax Savings: **$257,380**

WHERE CAN I LEARN MORE

capstantax.com | 215-885-7510

SCAN ME

VISIT - https://capstantax.com/cost-segregation-study-explained/

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Capstan Tax Strategies delivers engineering-driven specialty tax solutions that maximize the valuable tax benefits of real estate holdings. By complementing and collaborating with accounting firms, we arm commercial real estate owners, executives, and tenants with the data and analysis required to accelerate depreciation, maximize deductions, and capture tax credits.

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