CAPSTAN
our strength. your tax savings.

AUTO DEALERSHIPS

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 dealership
  - 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
  - In the case of energy-efficient construction or retrofits, dealership may be eligible for 179D Deductions
- Engineers can generally accelerate 20-40% of assets in a dealership

WHICH DEALERSHIP ASSETS ARE COMMONLY SEGREGATED?

- Shorter-lived 5-year assets may include:
  - Machinery and equipment in body shop, parts and service departments
  - Pneumatic tool systems, exhaust systems
  - Above-ground lifts
  - Point of sale systems
  - Decorative lighting in show room, specific task lighting in service area
  - Specialty electrical and plumbing
  - Vinyl flooring, carpet
  - Counters and cabinets
  - Fire extinguishers
  - Security systems
- Shorter-lived land improvements may include:
  - Landscaping
  - Paved parking lots
  - Sidewalks
  - Permanently affixed "turntable" displays

EXAMPLE NEW CONSTRUCTION

- Single-story building with high-end showroom including specialty lighting and displays, waiting area, service bays, parts department, parking lot
- Depreciable basis: $8,077,607
- Placed-in-Service 8/2023
- Engineers moved 9.6% to 5-year personal property, 30.6% to 15-year land improvements
- First Year Tax Savings: **$907,289**

©2025 Capstan Tax Strategies. All rights reserved.

EXAMPLE ACQUISITION

- Single building with showroom, offices, waiting area, service bays, partial second floor storage mezzanine, and large parking lot
- Depreciable basis: $3,358,328
- Placed-in-Service 2/2024
- Engineers moved 10.5% to 5-year personal property, 22.9% to 15-year land improvements
- First Year Tax Savings: **$239,223**

EXAMPLE RENOVATION

- Two-story building with showroom, office space, waiting room, breakrooms, service shop, underwent complete exterior and interior refresh
- Depreciable Basis: $7,317,690
- Placed-in-Service 12/2024
- Engineers moved 3.1% to 5-year personal property, 2.4% to 15-year land improvements, 49.0% to Qualified Improvement Property
- First Year Tax Savings: **$832,454**

WHERE CAN I LEARN MORE

info@capstantax.com

SCAN ME

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

CAPSTAN
our strength. your tax savings.

215-885-7510 | capstantax.com

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.

©2025 Capstan Tax Strategies. All rights reserved.