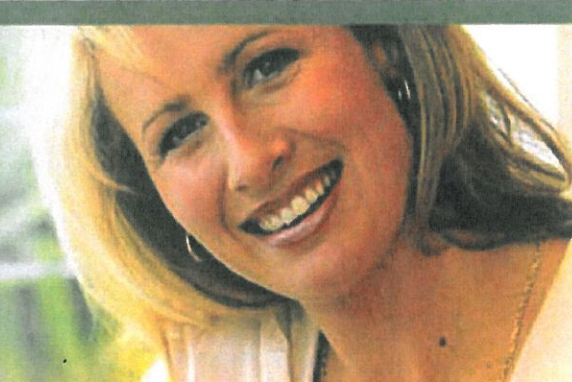


## Check Out The Potential Tax Advantages Of Real Estate Cost Segregation.



If your company is planning to remodel, refinance, purchase or build a commercial facility, or has done so recently, it's time to look into the significant tax advantages that a commercial real estate Cost Segregation Study can often provide.

An often overlooked tax strategy, the purpose of a Cost Segregation Study is to effectively separate and reclassify individual assets within a company's facility as land improvement and tangible personal property—which can then be depreciated faster than real property.

### ENCOURAGING RULINGS FROM THE COURTS AND THE IRS

Several different revenue rulings from both the Tax Court and IRS have addressed the cost segregation distinction between real and tangible personal property.

Most recently, the Tax Court ruled that, to the extent tangible personal property is included in an acquisition or in overall costs, it should be treated as such for depreciation purposes. The result is a fairly inclusive definition of what qualifies, in the IRS's eyes, as tangible personal property—and a great opportunity to maximize tax savings.

In addition to benefiting companies that are constructing new facilities, a Cost Segregation Study by Blue Coast experts may also significantly benefit companies that are refinancing existing facilities that have been purchased, or constructed as far back as 1987.

### IT'S ALL ABOUT IMPROVING YOUR TAX LIABILITY AND CASH FLOW

A Cost Segregation Study provides a comprehensive, detailed review and analysis of the costs related to the construction or acquisition of a facility. Its purpose is to allocate or reallocate these costs as either real property, land improvements or tangible personal property for the purpose of determining depreciation deductions.

The bottom line: A faster depreciation write-off achieved by cost segregation can result in larger tax deductions in the earlier years, accelerating the after-tax return on capital by freeing up cash flow during the early years of the facility's life. In addition, cost segregation may also reduce real estate and sales taxes, and further help boost cash flow.

### BLUE COAST CAN HELP YOU MAKE A WELL-INFORMED DECISION

To help you determine whether or not a Cost Segregation Study makes sense, a Blue Coast advisor can help you conduct a cost-benefit analysis that compares the cost of performing a study with the estimated tax savings it could generate.

Properties most likely to benefit from a Cost Segregation Study include:

- Offices & Apartment Buildings
- Retail Stores, Restaurants & Shopping Centers
- Hotels & Motels
- Warehouse & Distribution Centers
- Manufacturing & Industrial Plants
- Medical Facilities
- Owner-User Commercial Properties

(Note: The IRS has specified the qualifications preferred—generally requiring expertise in construction, engineering and tax—and issued industry-specific guidelines for use by field examiners when conducting audits. Agents will examine the rationale used to segregate property into various components and the methods used to allocate total project costs among these components.)

**GETTING A "SECOND OPINION" FROM BLUE COAST IS COST-FREE AND RISK-FREE. JUST LIKE THE PEACE OF MIND IT PROVIDES.**

Now, thanks to Blue Coast, it's easy to get an expert "second opinion" on a score of crucial business-to-business services. And enjoy a "win-win" situation—regardless of the results.

For starters, with Blue Coast, there's no initial cost, risk or obligation. We simply want to help you to be the best manager you can be. Make it quicker and easier for you to do your due diligence. And introduce you to some smart new ways for your company to save money.

Often, the savings can be significant. But even on those rare occasions when Blue Coast can't save you money, you'll still come out way ahead. Because you'll have gained the added peace of mind that comes from knowing your company has already made a wise, cost-effective choice regarding a specific service, resource and/or vendor.

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