

# SOLUTIONS BEYOND THE OBVIOUS

*Tax Services:  
Cost Segregation &  
Depreciation Strategies*

SOLUTION

ADVICE

GUIDANCE

SUPPORT

## Business Success Stories

As we truly partner with our clients, we work hard to provide solutions beyond the obvious and the ordinary. This happens by working with our clients closely to identify areas of opportunity and improved business strategies. Some solutions are quick and easy and others require us to roll up our sleeves to find the right solution for our client and their unique situation.

### Situation Overview

Recently, one of our auto dealer clients completely renovated its existing dealership building and expanded its service department to comply with changes imposed on them by their manufacturer. We assisted our client throughout this process and recommended we perform a cost segregation study to help identify the underlying costs of the entire project. Although the Tax Cuts and Jobs Act of 2017 contained a drafting error that limited the depreciation of qualified improvement property, the cost segregation study allowed us to maximize the depreciation deduction for them in accordance with the tax law at that time.

### Solution Provided

During 2020, the Federal Coronavirus Aid, Relief and Economic Securities (CARES) Act was passed which had several new tax provisions that were very taxpayer friendly. One of these provisions corrected the drafting error in the Tax Cuts and Jobs Act of 2017 related to the depreciation of qualified improvement property. The provision retroactively changed the useful life of qualified improvement property to 15 years from 39 years. This change qualified additional renovation costs to be fully depreciated in the year placed in service. The Tronconi Segarra & Associates tax team immediately went to work on this tax-saving opportunity for our auto dealer client, as well as for all of our clients for which this provision was relevant and applicable.

### Business Impact

As a result of Tronconi Segarra & Associates' thorough understanding of these complex tax law changes and our expertise with cost segregation studies and depreciation methods, we were able to file, on behalf of our client, a change in accounting method which included a deduction of approximately \$750,000 that will be included on the auto dealer's 2020 corporate return, saving the shareholders approximately \$337,500 in tax.

**TRONCONI SEGARRA  
& ASSOCIATES<sub>LLP</sub>**

Certified Public Accountants  
Business Consultants

For more information contact:

John Callahan / Partner / 716.276.8247 / jcallahan@tsacpa.com

8321 Main Street / Williamsville, NY, 14221 / 716.633.1373

Ulrich City Centre, 175 Walnut Street, Suite 2 / Lockport, NY 14094 / 716.438.2190

[www.tsacpa.com](http://www.tsacpa.com)

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