

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

In 2021, a local grocery store broke ground on a new location expanding their business to 3 locations in WNY. This new location was to become their largest with a combined square footage of 91,000 sq. ft. on an 8.11-acre commercial lot. The new complex was to feature a retail grocery store & farmers market, a greenhouse structure, and a storage warehouse at the rear of the market. This construction project was completed in November, 2022.

Solution Provided

As we worked with our client throughout the entire construction process, we recommended a cost segregation study to help identify underlying costs of the entire project. The cost segregation study allowed us to reclassify depreciable commercial property to maximize the depreciation deduction in the year that the new building was placed in service. The primary goal was to dissect the construction costs that would otherwise be depreciated over 39 years and reclassify them into asset classes with shorter useful tax lives. On average, 20% to 40% of such commercial building components fall into these tax categories and can be depreciated much faster than the building structure as a whole.

Business Impact

As a result of Tronconi Segarra & Associates' expertise with cost segregation studies and depreciation methods, we were able to identify and reclassify nearly 38% of the depreciable commercial property to shorter depreciable lives (5, 10, & 15 year property). The accelerated depreciation deduction resulted in an additional depreciation deduction of \$789,133 in year 1, saving the shareholders approximately \$315,653 in taxes owed.

**TRONCONI SEGARRA
& ASSOCIATES** LLP

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Business Consultants

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