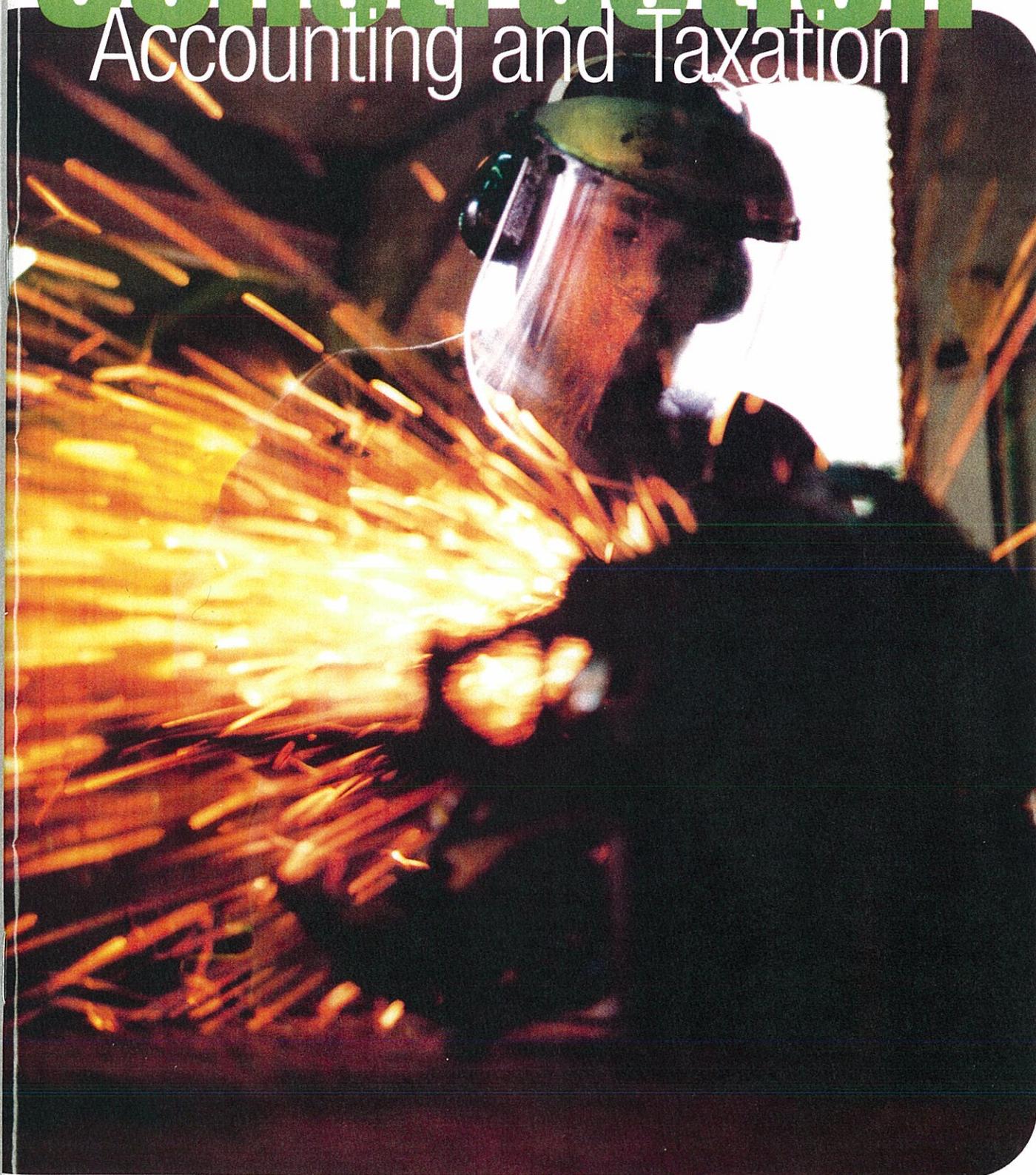


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REAL ESTATE COST SEGREGATION: A PLANNING AND

CPAs of property owners and investors should plan on taking advantage of the tax and accounting benefits from cost segregation studies.

REPORTING TOOL FOR THE CERTIFIED PUBLIC ACCOUNTANT

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A cost segregation study is a sanctioned Internal Revenue Service (IRS) practice that allows commercial property owners to accelerate depreciation deductions and reduce overall income tax burden and to free up capital by improving cash flow from their property.

Cost segregation studies are tools for tax planning, financial reporting, and property investments. Certified Public Accountants (CPAs) have a role in leading taxpayers to benefit from cost segregation. The team of cost segregation practitioners typically includes both CPAs and construction/engineering experts as the study is usually engineering-based. The successful study outcome depends on the working relationships with the con-

struction and engineering contractors as well as accurate project documentation.

Expansion of depreciation deductions by the United States Congress since 2002 creates the incentive for property owners and investors to benefit from tax savings. Better yet, recent congressional legislation aimed at the growth of sectors of the economy in the next 4 to 5 years also offers the opportunity for the expansion of existing capacities. CPAs of property owners and investors should plan on taking advantage of the tax and accounting benefits from cost segregation studies.

What is a real estate cost segregation study

A real estate cost segregation study is an IRS-sanctioned practice of identify-

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ing assets within a real estate and their costs, and classifying those assets for federal tax purposes. Allocating the acquisition or construction cost of a building between real and personal property, based on case law and IRS guidance, allows property owners to reduce their overall current income tax burden and free up capital by improving their cash flow from the property.

Formerly the benefits of cost segregation used to be the preserve of the “big” accounting firms and the nation’s largest real estate owners. Today this practice has become routine for commercial property owners of almost every size: assisted living/nursing homes, auto dealerships, office buildings, golf course facilities, hi-tech facilities, hotels/motels/resorts, manufacturing facilities, medical facilities, fast-food restaurants, retail space, warehouses, and other commercial and residential rental properties/apartment buildings.

As noted, the team of practitioners typically includes CPAs and construction/engineering experts as the study is usually engineering-based; within this arrangement the cost segregation practitioner depends on the working relationships with construction contractors and their project documentation for

accuracy. Often there may be the need to educate the contractors in order for them to be on the same page as the practitioner.

On the other hand, there are also construction contractors who have been capitalizing on the knowledge of cost segregation to enhance their service value to their current and potential clients, including practitioners and property owners.

Cost segregation study is an often overlooked opportunity by taxpayers to improve their cash flow. Taxpayers as a matter of routine know that commercial buildings are depreciated over 39 years and residential rental buildings are depreciated over 27.5 years. However, most taxpayers may not be aware that a significant proportion of their property

could be depreciated over 5, 7, or 15 years instead.

Do CPAs have a role in taxpayers benefiting from cost segregation studies?

CPAs have a central role to play. They are the most likely people to recommend use of cost segregation studies to their clients or employers, since cost segregation results are primarily employed in the areas of tax planning and financial reporting.

This article examines cost segregation as a tool for the tax advisor, a tool for accurate financial reporting, and also as a tool for borrowers, investors, and lenders. There are also a few outlying instances in which the purpose of the study is for reasons other than tax planning or financial reporting.

Some CPA firms offer cost segregation studies as a specialty. Developing the studies requires not only the tax and accounting knowledge of the CPA but also the expertise of construction/engineering and cost estimating professionals.¹ Other CPA firms may not have the capability or interest to develop a cost segregation practice; however, they may have clients who would greatly benefit from an analysis, and it is important to ensure that the clients’ needs are met.² For these firms there are consultants to whom the studies could be outsourced.

To oversee a cost segregation study, the CPA must have experience in classification issues relating to real estate construction and depreciation.³

Overview of the process of cost segregation studies

The process is in-depth but not intrusive.

- The property owner’s current tax status and future business plans are requested, and an assessment is made to determine the merits of performing a cost segregation study.
- An evaluation is made of the property’s construction costs.

COST SEGREGATION STUDY IS AN OFTEN OVERLOOKED OPPORTUNITY BY TAXPAYERS TO IMPROVE THEIR CASH FLOW.



**A COST
SEGREGATION
CREATES
BENEFIT.**

- The construction/engineering expert performs a detailed review of construction documents and other specifications.
- A site visit follows to identify and inspect components and systems, how they are set up in the structure, and also to interview the appropriate representatives of the property owner.
- By the process of engineering “take-offs” the unit cost of components and the project is determined.
- The CPA advises the construction/engineering expert on which systems and components qualify for accelerated depreciation and provides the computation. A change from prior depreciation classifications is taken as a deduction in the current year.
- Through the process of engineering “take-offs” the allocation of indirect cost to the overall project cost is identified.
- Reports of the study are compiled for the property owner; and the CPA has the responsibility of completing requisite tax forms needed to support asset classifications, calculations, and deductions.

While a well executed cost segregation study may not come cheap, the evaluation process allows both the client and practitioner to agree beforehand on the fees for the study. A typical cost segregation study and written report cost between \$8,000 and \$15,000; nor is fee billing in the neighborhood of \$25,000 uncommon.

Who qualifies for a cost segregation study?

A cost segregation study creates a tax benefit. Therefore, the property owner must be a “taxable entity” in the eyes of the IRS. Any type of entity that owns real estate and pays tax is a potential candidate for cost segregation, including but not limited to:

- C Corp
- S Corp
- Individual (enterprises)
- Partnership

- LLC

Nonprofit entities cannot take advantage of a cost segregation study unless for some outlying reason, such as satisfying a correlation between real property or personal property and donor contributions.

To determine if a cost segregation analysis is appropriate for your client or employer, the CPA should ask the following questions.

1. Has the taxpayer purchased, constructed, expanded, or renovated any property after 1986 or has the taxpayer installed leasehold improvements in an existing building?
2. Is the cost of the building or improvement (land excluded) at least \$500,000?
3. Is the taxpayer planning on retaining the said property for at least the next few years?

Cost segregation is a valuable tool for the taxpayer if the CPA can answer “yes” to these questions.

Qualifying properties

Properties which qualify for the benefits of cost segregation are residential rental properties and nonresidential rental property. In section 168(e)(2)(A)(i) of the Internal Revenue Code (IRC) residential rental property is defined as any building or structure if 80 percent or more of the gross rental income from such building or structure for the taxable year is rental income from dwelling units. A dwelling unit is a house or apartment used to provide living accommodations in a building or structure.⁴

Hotels, motels, and other establishments with more than one half of the units used on a transient basis are not considered residential rental property. These will fall within the ambit of the nonresidential real property.⁵

Section 168(e)(2)(B) defines nonresidential real property as a section 1250 property which is not residential real property or property with a class life of less than 27.5 years.⁶ Nonresidential real property is depreciated over 39 years.

EXHIBIT 1 Schedule of the Range of Reclassification of Real Property to Personal Property.

Industry/Activity	Percentage Range of Real Property Reclassified to SHORT Lived Personal Property
Auto Dealerships (with repair/collision shops)	15% – 30%
Restaurants	15% – 40%
Hotels and Motels	20% – 40%
Heavy Manufacturing	25% – 70%
Light Manufacturing	15% – 40%
Multi-Unit Residential Housing	15% – 25%
Office Building	15% – 25%
Medical Offices	20% – 35%
Nursing Homes/ Assisted-Living Residences	15% – 30%
Retail Businesses	10% – 40%
Warehouse	10% – 30%

The enactment of the Revenue Reconciliation Act of 1993 extended the recovery period for depreciating non-residential real (commercial) property placed in service from 31.5 years to 39 years. With such a lengthy recovery period it has become increasingly important to identify any personal property (IRC Section 1245 property) included in non-residential or residential rental real property constructed and to have them reclassified as for shorter and accelerated recovery periods.

Cost segregation: A tool for the tax advisor

Benefits of cost segregation. For the CPA who is not a cost segregation practitioner, below are summaries of benefits that could accrue to his/her client or employer. In tax strategy and cash management planning, the CPA may do well to give consideration to these benefits. This article does not attempt to provide an exhaustive list of the benefits which accrue from cost segregation studies.

Typical savings by property type. Federal and state income tax savings can be realized by taking advantage of the accelerated depreciation allowed for personal property. Although this process does not increase the total amount that can be written off, the increased depreciation deductions translate into lower taxable income in the earlier years of the real,

property's useful life. The result is an increase in cash flow, allowing the funds to be invested or used for other purposes in the business. The change in timing of deductions is communicated to the property owner in the form of the net present value of tax savings and/or depreciation expense over the life of the property.⁷

Superficially, properties valued at \$1,000,000 and above are ideal candidates for a cost segregation study. At that value even a warehouse, a property type which commonly sees only 15% of assets reclassified to shorter-lived property, can benefit from such a study. However, where short-lived assets range up to 50% or higher of the property value, properties valued at even as low as \$500,000 can be worthwhile subjects for a study. Today virtually all real-property purchases entail the simultaneous acquisition of tangible personal property. For that reason CPAs should routinely recommend the use of cost segregation studies whenever the expenditures for an acquisition, including leasehold improvements, equal or exceed \$750,000.⁸

Exhibit 1 lists some typical reclassifications of real property to personal property. The savings depend on the type of industry in which the property is used, a strong indicator of the percentage of short-lived assets in the real property.⁹

Bonus depreciation. Since September 11, 2001 the United States Congress has at various times enacted targeted expan-

sions of depreciation as part of measures to provide tax relief to business owners owning commercial property and to stimulate economic growth.

Subject to the respective prerequisites in Section 168(k) of the IRC, the depreciation expansions (also referred to as “bonus depreciation”), shown in Exhibit 2, were available to taxpayers.

The availability of special depreciation benefits for personal property and real property adds tremendous value to cost segregation studies. First, there is the favorable 15-year depreciation period for qualified property and then the immediate deduction of 50% of the tax basis of the personal property. Then there is the shorter depreciation life of the remaining tax basis of the personal property. The net of the depreciation expansion provides increased cash flow benefits in the first year and the net present value over the life of the personal property.

Under the rules of the Alternative Minimum Tax (AMT), the bonus depreciation is exempt from AMT depreciation adjustments.¹⁰ Therefore, the AMT taxpayers get the full benefit of the bonus depreciation as regular taxpayers do.

CPAs need to explore the options available to their clients/employers. The savings in tax payments following cost segregation studies is often dramatic and the reduction to cash outflow may just as well be seen as a “free loan” from the federal government. These savings have, for most companies, proved to be the difference between life and stagnation or submergence.

Retroactive or “look-back” studies. Generally, if cost segregation is not reflected on the taxpayer’s original return for the year that a real estate property was placed in service, the taxpayer can file an amended return to reflect the cost segregation for the “placed in service year.”¹¹ Rev Proc 2004-11 sections 4.01 and 4.02 allow taxpayers to capture in the immediate year retroactive savings on property acquired or constructed after 1986. Previous rules extended to the taxpayer a four-year catch-up period for retroactive savings from depreciation adjustments. Rev Proc 2004-11 amended these rules to allow taxpayers to take the entire

amount of the unrecognized depreciation as an adjustment in the year cost segregation is completed. This opened up the opportunity for retroactive or “look-back” cost segregation studies on older properties to increase cash flow in the year of study.

The IRS further facilitates the procedure for taxpayers to make use of depreciation adjustments by granting “automatic” consent. Under the automatic consent, the taxpayer receives permission for the change if the taxpayer: (1) attaches an original Form 3115 to a timely filed (including extensions) original return of the taxpayer for the year of change; (2) files a copy of the Form 3115 with the IRS, at the address specified in the applicable revenue procedure, no later than when the original return was filed; and (3) follows the other instructions in the applicable revenue procedures.¹²

Expensing provisions—Section 179.

Another incentive for allocating real estate costs to shorter-lived property is the expensing provision of IRC Section 179. The ceiling limitation for expensing capital amounts invested in qualified Section 179 property (qualifying tangible property acquired by purchase for use in the active conduct of a trade or business)¹³ is now at \$250,000 for property placed in service in the tax years that begin in 2008. This limit is reduced by the amount by which the cost of Section 179 property placed in service in the tax year exceeds \$800,000.¹⁴ The ceiling limitation and the threshold remained the same for 2009. The Hiring Incentives to Restore Employment (HIRE) Act of 2010 extends the timeframe for the benefit of these provisions to 2011, while maintaining the said ceiling and threshold.¹⁵

By maximizing the costs allocable to tangible personal property, the taxpayer cannot only get an immediate write-off under Section 179, but can also qualify for a shorter recovery period under Section 168 for any remaining basis in the property. Thereafter, first year bonus depreciation provides even more incentive for taxpayers to segregate cost into shorter recovery periods.¹⁶

CPAS HAVE EVERY REASON TO TAKE ADVANTAGE OF THESE CAPITAL RECOVERY PROVISIONS WHILE FORMULATING TAX STRATEGIES FOR THEIR CLIENTS.

EXHIBIT 2 Schedule of Expansion of Depreciation by the United States Congress.

Statute	Additional Depreciation Allowance	Bonus Recovery Period
Job Creation and Worker Assistance Act of 2002	30% additional first year depreciation allowance for qualified property	
Jobs and Growth Tax Relief Reconciliation Act of 2003	50% additional first year depreciation allowance for qualified property	15 year depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property
American Jobs Creation Act of 2004	50% additional first year depreciation allowance for qualified property Reduction in depreciation class life	15 years depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property 3. Qualified Retail Improvement Property Depreciation class life for Motorsports Entertainment Complex reduced to 7 years
Tax Relief and Health Care Act of 2006	50% additional first year depreciation allowance for qualified property in Gulf Opportunity Zone	15 year depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property Depreciation class life for Motorsports Entertainment Complex reduced to 7 years
Emergency Economic Stabilization Act of 2008	50% additional first year depreciation allowance for qualified property Reduction in depreciation class life	15 years depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property 3. Qualified Retail Improvement Property Depreciation class life for Motorsports Entertainment Complex reduced to 7 years
American Recovery and Reinvestment Tax Act of 2009	50% additional first year depreciation allowance for qualified property	15 year depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property 3. Qualified Retail Improvement Property
Hiring Incentives to Restore Employment (HIRE) Act of 2010	50% additional first year depreciation allowance for qualified property Reduction in depreciation class life	15 years depreciation allowance instead of 39 years for: 1. Qualified Leasehold Improvement Property 2. Qualified Restaurant Property 3. Qualified Retail Improvement Property Depreciation class life for Motorsports Entertainment Complex reduced to 7 years

CPAs have every reason to take advantage of these capital recovery provisions while formulating tax strategies for their clients.

Reduction in quarterly estimated tax payment. Companies are required to file and pay estimated taxes every quarter of the calendar year. For companies which have taken advantage of the tax savings from cost segregation studies, the reduced taxable income has led to a reduced amount of cash outflow for quarterly tax payments.

Property tax savings. State and local governments assess taxes on properties within their jurisdiction. The assessments are based on the jurisdiction's perceived value of the property. The CPA can contest for a lower property tax assessment on behalf of the taxpayer if he/she can carve out the cost of personal property from the reported cost of construction or acquisition. The process of cost segregation studies provides the documentary support for the taxpayer in this regard.

Section 1031 exchanges. The standard fare under the rules of Section 1031 is for the property owner/CPA client to apply the regular depreciation rate to both the exchanged basis of the property given up and to the excess basis (the excess of the fair value of the new property over the fair value of the property given up) if any.

The owner could, however, opt to use the cost segregation study to accelerate depreciation deductions and decrease tax liability.

Depreciation recapture. As part of planning for the cost segregation study, the CPA ought to consider the timing of the subsequent disposition of the subject of the study. Depreciation recapture rules under the internal revenue code could be triggered as a result of the disposition. For personal property segregated Section 1245 provisions may apply. The taxpayer may have to recognize the gain on disposition as ordinary income which is subject to the top marginal tax rate. Section 1250 rules will apply to the real property. The taxpayer must recognize gain on disposition of the real property which will be taxed at the prevailing cap-

ital gains tax rate. The need to consider the timing of the disposition of the subject of the study is very important to derive the full benefits of cost segregation studies.

Cost segregation: A tool for accurate financial reporting

Purchase price allocation. The accounting standards governing Purchase Price Allocation are codified in the new Accounting Standards Codification (ASC), unveiled by the Financial Accounting Standards Board (FASB) on July 1, 2009 and may be cited as Business Combinations FASB ASC 805. The codification did not change US GAAP but rather provided access to all FASB standards and other authoritative literature related to a topic (in this case Business Combinations) in one place. Business Combinations FASB ASC 805 is thus made up of Statement of Financial Accounting Standards, SFAS 141 (revised December 2007) Business Combinations and Statement of Financial Accounting Standards, SFAS 141R-1 (April 2009), Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies, from the previous US GAAP regime.

The previous Statement of Financial Accounting Standards, SFAS 141 (revised 2007) Business Combinations provides the following guidance for measuring identifiable assets acquired in a business combination transaction in paragraph 20: "The acquirer shall measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their acquisition date fair values."¹⁷

This process has come to be known as purchase price allocation, where the price of the business purchased is allocated among the respective assets and liabilities in the business acquisition. For example to report the real estate piece in a merger or other business combination, the accountant will be well served if the expertise of the cost segregation practitioner is utilized for the accurate and advantageous reporting of the value of the real estate on behalf of the taxpayer.



**THE OWNER
COULD OPT TO
USE THE COST
SEGREGATION
STUDY TO
ACCELERATE
DEPRECIATION
DEDUCTIONS
AND DECREASE
TAX LIABILITY.**

The process involves an appraisal of the land “as though vacant and available” and then using cost segregation techniques to allocate the improvement into the appropriate tax or financial reporting lives. The benefits of involving cost segregation professionals are realized in tax savings.

Appropriate and adequate record keeping. Cost segregation is the practice of identifying assets and their costs, and classifying those assets for federal tax purposes. The process clearly documents the assets and allows the assets to be appropriately classified using applicable recovery periods for depreciation. The benefits of this include:

- a. Maintaining proper asset records.
- b. Keeping the assets and depreciation schedule free of non-existing assets.
- c. Distinguishing lessor-owned assets from lessee-owned assets. Improvements claimed by the lessee cannot be included in the assets of the property owner.
- d. Identifying obsolete assets which need to be expunged from the taxpayer’s asset records. The presence of these assets on the books distorts the measurement of ratios such as total assets turnover, return on assets, etc.

Recent developments in the accounting profession may also augment the case for appropriate and adequate record keeping. If the International Financial Reporting Standards (IFRS) should become generally accepted accounting principles in the U.S. in 2015 as the Securities and Exchange Commission (SEC) currently envisages, this benefit of cost segregation will be even more important. Under the IFRS the International Accounting Standards, IAS 16 Property, Plant and Equipment will apply to all property, plant, and equipment used in a company’s operating business.

The standard offers two approaches for the measurement of the values of property, plant, and equipment; however, whichever option is elected to be applied on classes of property, plant, and equipment the standard requires that it be used consistently.

The approaches are:

1. *The cost model:* plant, property and equipment are reported at amortized cost.
2. *The revaluation model:* plant, property and equipment are reported at fair value less accumulated depreciation and impairment losses.

IAS 16 also requires a component approach and the recognition of estimated cost for removable and site restoration. All property, plant, and equipment can be recognized at “deemed cost” = fair value according to IFRS 1 upon first-time adoption of IFRS notwithstanding the subsequent measurement method (cost/revaluation) applied. The revaluation of property, plant, and equipment allows for a convenient opportunity to perform cost segregation studies to ensure compliance with componentization requirements under IAS 16.

Segregation of short- versus long-lived components of property, plant, and equipment affords the benefits already mentioned—more so for companies with complex assets, such as power and utilities companies, refineries, and different types of processing plants. The conversion to IFRS could serve as the impetus to streamline fixed assets records and improve internal controls.

Cost segregation: A tool for borrowers, investors, and lenders

Benefits to borrowers, investors, and lenders. The potential improvement in cash flow from an investment in commercial property as a result of cost segregation studies provides the extra impetus for lenders and investors to finance a project. This little known tool is available to CPAs to facilitate the financing of commercial property deals.

Planned expansions. Cost segregation studies facilitates the planning of the expansion of facilities whether owned or leasehold when the expertise is integrated into the design phase of the expansion and before the beginning of construction. With the input of cost segregation experts, the design team can help maximize the tax benefits for the owners or leaseholders.

COST SEGREGATION IS THE PRACTICE OF IDENTIFYING ASSETS AND THEIR COSTS, AND CLASSIFYING THOSE ASSETS FOR FEDERAL TAX PURPOSES.

Since the U.S. economic downturn of 2008, the United States Congress has passed various legislations to stimulate economic growth and expansion. For example recent legislations (such as the Affordable Health Care for America Act and the Health Care and Education Reconciliation Act of 2010) anticipate the expansion of affordable medical care to about 30 million new patients within four to five years. These legislations signal to medical care facility owners the need to plan for new or expansion of existing facilities. The investors, lenders, and borrowers have an opportunity to take advantage of the benefits and tax savings from cost segregation studies for such investment.

Conclusion

This article has examined cost segregation as a tool for the advisor, a tool for accurate financial reporting, and also as a tool for borrowers, investors, and lenders. A taxpayer optimizes the benefits of cost segregation studies when the study is done in the year a property is acquired, constructed, or—better yet—at the design stage. However, for properties acquired or constructed after 1986 the taxpayer can still recoup previously over-reported depreciation through cost segregation studies. The practice of cost segregation is guided today by the *Cost Segregation Audit Techniques Guide* released by the IRS on October 1, 2004.¹⁸ To the extent that the cost segregation practitioner follows the guide, a study has as much chance of being audited by the IRS as a regularly filed tax return. It is hoped that this fact will dis-

pel the myth of the tax audit risk, and instead encourage practitioners to embrace Cost Segregation for all the benefits that it offers. ■

NOTES

- ¹ Bruce A. Desrosiers and Wayne J. DelPico. *The Practice of Cost Segregation Analysis*. (Reed Construction Data, 2004), 4.
- ² Grant G. Keppel. *Real Estate Cost Segregation: A Tax Practitioner's Guide* (RIA, 2006), 79.
- ³ Bruce A. Desrosiers and Wayne J. DelPico. *The Practice of Cost Segregation Analysis*. (Reed Construction Data, 2004).
- ⁴ Internal Revenue Code Section 168(e)(2).
- ⁵ *Ibid.*
- ⁶ *Ibid.*
- ⁷ Bruce A. Desrosiers and Wayne J. DelPico. *The Practice of Cost Segregation Analysis*. (Reed Construction Data, 2004), 11.
- ⁸ Jay A. Soled and Charles E. Falk, "Cost Segregation Applied," *Journal of Accountancy* (August 2004) <http://www.journalofaccountancy.com/Issues/2004/Aug/CostSegregationApplied.htm>.
- ⁹ Grant G. Keppel, *Real Estate Cost Segregation: A Tax Practitioner's Guide* (RIA, 2006), 3.
- ¹⁰ Internal Revenue Code Section 168(k)(G).
- ¹¹ Grant G. Keppel, *Real Estate Cost Segregation: A Tax Practitioner's Guide* (RIA, 2006), 8.
- ¹² Grant G. Keppel, *Real Estate Cost Segregation: A Tax Practitioner's Guide* (RIA, 2006), 9.
- ¹³ Internal Revenue Service. *Cost Segregation Audit Techniques Guide*. (October 1, 2004). Chapter 2, <http://www.irs.gov/businesses/article/0,,id=134133,00.html>.
- ¹⁴ Internal Revenue Service. Publication 946 - How to depreciate property <http://www.irs.gov/formspubs/article/0,,id=177054,00.html> as of November 1, 2009.
- ¹⁵ The Hiring Incentives to Restore Employment Act of 2010 Title II Section 201.
- ¹⁶ Internal Revenue Service. *Cost Segregation Audit Techniques Guide*. (October 1, 2004). Chapter 2, <http://www.irs.gov/businesses/article/0,,id=134133,00.html>.
- ¹⁷ Financial Accounting Standards Board of the Financial Accounting Foundation. *Financial Accounting Series. Statement of Financial Accounting Standards No. 141 (Revised 2007). Business Combinations*.
- ¹⁸ Internal Revenue Service. *Cost Segregation Audit Techniques Guide*. (October 1, 2004). Chapter 2, <http://www.irs.gov/businesses/article/0,,id=134133,00.html>.