



Tax Depreciation Life Review

Summary:

A large real estate development firm changes tax providers and GBQ is able to find \$250,000 in tax savings.

Challenge:

GBQ was engaged by a large real estate development firm to prepare several first year partnership returns. The returns were initially set up by a small local firm the client had been working with for a number of years. As part of the transition GBQ performed a complete review of the fixed asset detail that was used for year-end projections.

Solution:

Upon review of the fixed assets initially set up by the former firm, in addition to various discussions with the client and additional research, GBQ determined that several of the assets should have shorter tax lives, which created a larger annual depreciation expense. GBQ was able to reclassify seven year property to five year property and determine that the property originally listed as 39 year property should be 15 year property which meant the property was also eligible for first year 50% bonus depreciation expense.

Benefits:

All told, the additional depreciation expense created an unexpected first year tax savings of over \$250,000 for the partners. This savings created additional cash flow to fund current operations and future development projects.