

Example of Federal Income Tax Savings

As a result of paying less tax in the early years of a new facility, improved cash flow is achieved. Using a 7 percent interest rate, the present value of the income tax savings for each \$100,000 of property identified as personal property instead of non-residential real property with a 39-year life will be as follows.

First Year's Federal Income Tax Deferral, Assuming a 35% Federal Income Tax Rate*

| | | |
|--------|--------|---------|
| \$6.5K | \$4.5K | \$1.3 K |
| 5-Year | 7-Year | 15-Year |

Net present Value of the Total Federal Income Tax Deferral, Assuming a 7% Discount Rate Over 39 Years*

| | | |
|----------|----------|----------|
| \$18.8 K | \$17.2 K | \$10.7 K |
| 5-Year | 7-Year | 15-Year |

* Additional tax savings opportunities exist for state income, real estate, and sales tax.



2001 SBA Accountant of the Year for Georgia and the 11 states comprising the Southeastern United States



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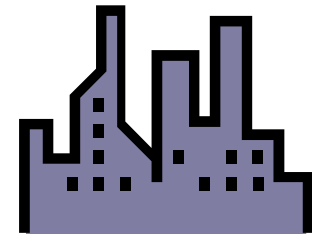
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COST
SEGREGATION
STUDY

When it really Counts!



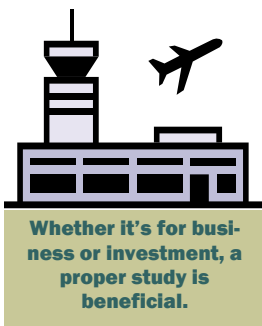
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Cost Segregation Study

Arkin & Associates, P.C. has a way to help you maximize tax savings and increase cash flow on your future, current, or past construction projects ... a Cost Segregation Study.

A well-designed Cost Segregation Study helps you classify assets in a manner designed to:

- Accelerate your depreciation deductions
- Reduce your property taxes
- Lower your sales tax liabilities



The benefit of a Cost Segregation Study is an increase in your cash flow. Cash flow benefits are realized from income tax savings through increased depreciation deductions and potential sales tax savings. In addition to these savings, you may benefit from reduced future real estate taxes, resulting in increased cash flow.



A Cost Segregation Study Can Help You...

Adjust the timing of depreciation deductions to maximize tax savings.

A Cost Segregation Study is important because the tax life of most commercial buildings is 39 years. The tax life on equipment and land improvements, however, can vary from 5 to 15 years. With this large difference between the categories, it's important to identify any items that can be properly classified in a category with a shorter tax life.

A Cost Segregation Study will help you classify assets as eligible for the shortest appropriate depreciable lives. This, in turn, speeds up depreciation deductions and decreases taxable income. As a taxpayer, you pay less income tax during the early stages of a building's life.

Reduce other tax liabilities to increase cash flow.

Besides reducing income tax liabilities by accelerating depreciation expense, you may be able to reduce other tax costs.

Reduce real estate tax liabilities.

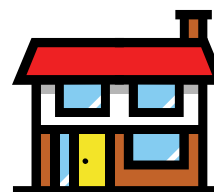
Real estate taxes may be reduced by separating tangible personal property from the nonresidential real property being, or already, constructed. Even if a jurisdiction imposes a personal property tax on business personal property, tax savings may be realized due to substantially shorter personal property lives, and faster devaluation of worth.



A Cost Seg study offers a good return on your investment.

Reduce initial cash outlay by taking advantage of specific sales tax exemptions.

Substantial sales tax savings may be achieved by classifying tangible personal property as industrial machinery and equipment. Many states provide a sales tax exemption to a company purchasing qualifying machinery, equipment, and supporting systems. As a result of a Cost Segregation Study, certain assets may be reclassified from a building structure to exempt industrial machinery or equipment. Immediate cash savings may be realized.



Reducing your taxes improves your cash flow.

Why Arkin & Associates, P.C.

Tax consulting is our core business. As one of the area's leading tax, accounting, and consulting firms, we've been meeting businesses' needs for many years. This is why the SBA named us the Accountant of the year for 2001 for the 11 states comprising the Southeastern U.S. Our mission is to be the premier tax-consulting firm serving owner-managed businesses.

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