

A successful bakery was not utilizing building losses to offset the bakery's income. RINA suggested a cost segregation study. The owners' current CPA did not think a cost segregation study was allowable and that there would be no benefit.



SITUATION

Increase cash flow for the bakery by reducing the owners' taxable income. RINA suggested utilizing the rental losses generated from accelerating the depreciation on the building to offset some of the taxable income from the bakery.



GOAL

RINA

Food & Beverage Industry Case Study

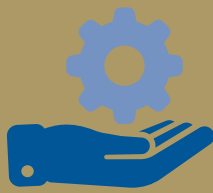
SCENARIO #4

FOOD MANUFACTURING COMPANY
(BAKERY)



ISSUES

- Need to Reduce Business Owners' Tax Liability
- Utilize Losses Generated by Building



SOLUTION

RINA performed extensive research and identified special IRS provisions which allowed the owners to net the rental losses from the building against the income from the food manufacturing business. As a result, the owners approved a cost segregation study.



RESULTS

This tax strategy generated significant additional cash flow of \$300,000 for the owners, as a result of netting the income from the S corp.

The cost segregation study provided an immediate \$400,000 tax deduction for the owners.