



DENTAL REAL ESTATE

See What's Possible with Cost Segregation

WHAT IS COST SEGREGATION

- Engineering-based analysis that identifies and quantifies building components
- Components are then reclassified into shorter-lived tax categories, resulting in accelerated depreciation, tax deferral, and increased cash flow
- Front-loading of depreciation leverages the time value of money

WHY PERFORM COST SEGREGATION

- Accelerated depreciation can create \$30,000-\$200,000 in federal tax benefits for every \$1M spent
- IRS-preferred strategy leverages your fixed assets while serving as an excellent asset management tool
- Vehicle for tax savings – study methodology provides data supporting a myriad of additional tax strategies on your property
 - When dealing with a fit-out and/or renovation, bonus-eligible Qualified Improvement Property is in play
 - The Tangible Property Regulations may be applied in renovation scenarios
 - In the case of energy-efficient construction or retrofits, the property may be eligible for 179D Deductions
- In Acquisitions: Engineers can generally accelerate 15-30% of assets
- In Renovations: Engineers can generally accelerate 40-80% of assets

WHICH DENTAL OFFICE ASSETS ARE COMMONLY SEGREGATED?

- Shorter-lived 5-year assets may include:
 - Dental Chairs
 - Hydraulic, Medical Vacuum, and Air Piping to Dental Chairs
 - Medical Gas Installation
 - Specialty Electric and Wiring
 - Carpet and Vinyl Flooring
 - Wallpaper and Window Treatments
 - Crown Molding and Custom Millwork
 - Counters and Cabinets
 - Decorative Lighting
 - Fire Extinguishers
 - Security Systems
- Shorter-lived land improvements may include:
 - Landscaping
 - Paved Parking Lots
 - Sidewalks
 - Exterior decorative and site lighting





EXAMPLE DENTAL SUITE FIT-OUT

- Newly constructed fit-out with exam rooms, orthodontic bays, pediatric treatment areas, labs, offices, and waiting room
- Depreciable basis: \$1,888,010
- Placed-in-Service 12/2022
- Engineers moved 32.6% to 5-year personal property, 56.8% to 15-year QIP (Qualified Improvement Property)
- First Year Tax Savings: **\$489,841**



EXAMPLE DENTAL OFFICE: ACQUISITION

- Single-story metal and wood-framed structure housing a single tenant
- Exam rooms, patient stations, office space, reception area with lobby
- Depreciable basis: \$2,400,000
- Placed-in-Service 9/2021
- Engineers moved 24.8% to 5-year personal property, 23.0% to 15-year land improvements
- First Year Tax Savings: **\$393,958**



EXAMPLE DENTAL OFFICE: ACQUISITION & ADDITION

- 5,000SF addition with full basement level
- Offices, exam rooms, labs, waiting room, large meeting/training room, restrooms, paved parking area
- Depreciable Basis: \$3,494,292
- Placed-in-Service 12/2023
- Engineers moved 43.4% to 5-year personal property, 5.1% to 15-year land improvements
- First Year Tax Savings: **\$473,876**



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