If a partnership owns three buildings acquired at different dates, can you perform a cost segregation study for a single property without touching the other two?

The simple answer is YES, we can perform the cost segregation study for the single property without touching the other two.

The only instance where we could run into trouble would be if the building were accounted for using a multiple asset account under §1.168(i)-7. The automatic accounting method change typically used to affect a cost segregation study is found under Rev. Proc. 2017-30, §6.01. Under §6.01(c)(iii), you can't use §6.01 for an accounting method change for any property for which a taxpayer is also making a change in depreciation under §1.446-1(e)(2)(ii)(d)(2)(vi). §1.446-1(e)(2)(ii)(d)(2)(vi) in concerned with a change in accounting for depreciable or amortizable assets from a single asset account to a multiple asset account, or vice versa.

So, if the assets were grouped together under a multiple asset account, we'd have to break them out of that multiple asset account to look at the one without touching the other two, but upon doing that, the taxpayer would become ineligible to use the automatic accounting method change procedures to implement the cost segregation study.

Here, because the properties were acquired on different dates, it is impossible for them to be accounting for using a single multiple-asset account.

What is your cost segregation question?
Ask us today: 877.410.5040

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