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The Triple Play

Stacking Cost Seg, R&D; Credits, and 179-D

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You Do Not Have to Choose One

Cost segregation, R&D; tax credits, and Section 179-D are three separate federal programs targeting three different sections of the tax code. They do not compete. They stack independently and fully. And most businesses that qualify for one qualify for at least two — without realizing it.

The Three Strategies

STRATEGY ONE

Cost Segregation

Reclassifies building components to 5, 7, or 15-year schedules. Combined with 100% bonus depreciation, generates large first-year deductions.

STRATEGY TWO

R&D; Tax Credits

Dollar-for-dollar credits for qualifying research — process improvement, product development, software, engineering. Reduces actual tax owed.

STRATEGY THREE

Section 179-D

Up to $5.65/sq ft deduction for energy-efficient improvements to lighting, HVAC, or building envelope. Its own certification. Its own program.

Why There Is No Conflict

Why They Stack Without Conflict

Cost segregation operates under IRC Section 168 — depreciation rules for property you own.

R&D; credits operate under IRC Section 41 — research activity your business conducts. Nothing to do with property.

Section 179-D operates under IRC Section 179D — energy improvements to a specific building. Its own certification. Its own qualification.

Three separate IRC sections. Three separate qualification tests. Three separate calculations. Claiming one does not reduce the others.

A Real-World Scenario: Manufacturing Company, 15,000 Sq Ft

Building acquired for $2M. Ongoing production process improvements. Recent lighting and HVAC upgrade. A normal-looking business — until you map it to the Triple Play:

Strategy	What Triggered It	Tax Benefit
Cost Seg + Bonus Dep	$400K in 5/7/15-yr components at 100% bonus depreciation	~$140,000 savings
R&D; Tax Credits	**$800K qualifying research expenses at 20% credit rate**	**$160,000 credit**
Section 179-D	Lighting + HVAC upgrades, 15,000 sq ft at $5.65/sq ft	~$30,000 savings
Combined First-Year Tax Benefit		**~$330,000**

These are federal incentive programs that exist specifically because Congress decided to reward this kind of business activity. Every dollar is legal, intentional, and documented. The only thing that changed was whether someone asked.

The Sequencing

1

Cost segregation is best run at acquisition

Commission the study in the year of acquisition to pair accelerated components with 100% bonus depreciation for maximum first-year impact.

2

R&D; credits are ongoing — claim them every year you qualify

Unlike cost seg, R&D; credits are generated year after year. You may be able to amend prior returns for up to three years of unclaimed credits.

3

179-D is claimed when improvements are placed in service

The deduction is taken in the tax year qualifying energy improvements are completed. Prior years may be available through amended returns with a formal engineering certification.

See If the Triple Play Applies to You

One conversation. We map which strategies fit your business and what each one is worth — before you commit to anything.

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