
COST SEGREGATION

What Is Cost Segregation. And Why Is Your CPA Not Bringing It Up?

By Timothy C. Franklin · May 2026 · 8 min read

Most commercial property owners are overpaying their taxes.

Not because they have bad accountants. Not because they made mistakes. Not because the rules are stacked against them.

Because nobody told them.

There is a federal tax strategy called cost segregation. It has been available since the 1990s. It is fully legal, IRS approved, and used regularly by large real estate investors and corporations who know it exists. It is one of the most powerful cash flow tools available to commercial property owners.

And most CPAs never bring it up. Not because they are bad at their jobs. Most CPAs are excellent at what they do. But their job is to file your return accurately. Not to find money you did not know you were leaving behind. That is a different job. That is our job.

So what is cost segregation?

When you purchase or build a commercial property, the IRS allows you to depreciate it over 39 years. That is a long time. Cost segregation changes that.

A cost segregation study is a detailed engineering and tax analysis of your property. It identifies every component of that building. The wiring. The flooring. The plumbing fixtures. The parking lot. The landscaping. Each one gets reclassified from 39-year property into 5-year, 7-year, or 15-year property.

That matters, because shorter depreciation periods mean larger deductions now. Not in 2041. Not spread across four decades. Now.

"Same building. Same purchase price. Same IRS rules. Different outcome."

What does that look like in real numbers?

~\$38,000 Annual deduction on a \$1.5M property depreciated the traditional way

\$200K - \$400K+ Potential year one deduction with a cost segregation study

Who qualifies?

If you own commercial or investment real estate, there is a good chance you qualify. The strategy works across nearly every asset class. Office buildings. Multifamily. Retail. Industrial. Medical facilities. Hotels. Self storage. Mixed use.

If you purchased or constructed a building after 1986, and the value is \$500,000 or more, cost segregation is worth a serious look.

And here is the part most people do not know. You can do a cost segregation study on a property you have owned for years. A lookback study lets you capture all the deductions you missed without amending prior returns. That is money you were already entitled to. It was just sitting there.

Why isn't your CPA telling you this?

That is the honest question. CPAs are compliance professionals. They are trained to file accurate returns, manage audits, and keep you out of trouble. That is valuable. But cost segregation sits at the intersection of engineering, tax law, and real estate strategy. Most CPA firms do not offer it.

Our goal is not to replace your CPA. It is to work alongside them. Your CPA handles the compliance. We find the money. When both sides are working together, the result for you is better than either one working alone.

But the result without that conversation is the same every year. Millions of dollars in legitimate tax savings go unclaimed because the right question never gets asked. We ask it.

What is the first step?

It starts with a free estimate. You give us the basics. Property type, purchase price, year of acquisition. We run the numbers and give you a real picture of what a cost segregation study could deliver for your specific situation. No phone call required. No obligation. Just the answer.

If the numbers make sense, we move forward. If they do not, we tell you that too.

Ready to find out what applies to you?
Free analysis. No fee. No commitment.

triplestarstrategy.com/free-analysis

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