# Cost Segregation Emerges as a Strategy for Property Owners to Lessen Tax Liability, and Enhance Cash Flow

*Burns Funding and its partner offer Cost Segregation studies to help commercial property owners improve their financial position in the midst of the Pandemic.*

Peter J. Burns III

LA JOLLA, CALIFORNIA, UNITED STATES, April 21, 2020 /EINPresswire.com/ -- Burns Funding, a provider of alternative funding resources as well as an opportunistic investor, highlighted Cost Segregation studies today as a way for commercial property owners to improve their financial position in the midst of the Coronavirus Pandemic.

“Many commercial property owners are struggling right now, contemplating how they are going to cover their next mortgage payment to a lender,” said Peter J. Burns III, the founder of Burns Funding. “While their state governments are exploring ways to re-open the economy and create a way for them to generate revenues again, counting on such promises is dicey at best, given the propensity for COVID-19 to re-ignite.”

Burns added that rather than wait on the unpredictable assistance of our federal and state governments, commercial property owners have another option – Cost Segregation studies - which involves accelerating the depreciation of certain aspects of the physical property, so that the property owner can benefit financially.

The Internal Revenue Service endorses Cost Segregation studies. However, there is a tremendous amount of art to the science, causing many an accountant to walk away from such projects, and stay with the tried and true 39-year straight-line depreciation. That’s why these studies are best handled by someone who specializes in performing them, according to Burns.

> “
> The benefits of a Cost Segregation study to commercial property owners are extraordinary, since they are able to minimize their taxes, while increasing their cash flow.”
> *Peter J. Burns III*

“Cost Segregation studies are perhaps the most underutilized benefit in the tax code,” said Joel Grushkin, who is one of the nation’s premier cost segregation specialists and Burns’ partner in the space. “They fly well under the radar of most property owners, primarily because accountants and CPA firms typically stick to what they know.

“Meanwhile, the benefits of a Cost Segregation study to commercial property owners are extraordinary, since they are able to minimize their taxes, while increasing their cash flow."

COVID-19 Heightens the Importance of Cost Segregation Studies

These studies are even more important during the current pandemic, when employing them as a tool to lessen tax liability.


Commercial Properties

"Many property owners may be contemplating a 'cram-down deal' to renegotiate an onerous lease with a lender," said Burns.

This involves "a debtor changing the terms of a contract with a creditor," which "reduces the amount owed to the creditor," according to Investopedia.

"Such measures may benefit the creditor, or lending institution, which can write off a bad loan and incur tax benefits," added Burns. "However, the debtor, or property owner, incurs a tax liability in this scenario, because they have realized a financial gain on the renegotiated loan, or settlement. Many property owners are not aware of this until tax time, when it is too late."

Cram down deals were very common during the real estate crash of 2008 and 2009.

"What were less common at the time were Cost Segregation studies, the best friend to the property owner, offering an optimal way to balance out that tax liability," said Burns.

To learn more about Cost Segregation studies and whether your property qualifies, visit HLCostSeg.com, a subsidiary of
Burns Funding, and complete this form.

About Burns Funding

Burns Funding is an emerging aggregator of non-traditional tools for securing growth capital. Four of those tools, in particular, stand out.

First, Burns Funding has institutionalized the bridge funding process to help clients reduce credit card debt and obtain a higher credit score. This allows Burns Funding clients to secure more capital at remarkably low interest rates, in some cases as low as zero percent for an introductory period of 12-21 months.

Second, Burns Funding has pioneered the use of Cost Segregation to allow commercial real estate owners to generate capital (in the form of tax savings) based on a little-known IRS allowance. A cost segregation study identifies aspects of a property that can be placed on accelerated depreciation life cycles, typically resulting in huge tax savings for eligible property owners.

Third, Burns Funding offers a market in shelf corporations, which are business entities that are no longer being used because their assets have been sold, typically through acquisition. However, these corporations are still viable because they have exemplary credit records. While these entities typically range in cost from $5,000 to $10,000, their clean record can help clients secure lines of credit for growth.

Fourth, Burns Funding offers a blanket loan program, where through its prodigious lender network it can help entrepreneurs and investors consolidate many smaller loans into one blanket loan, typically at a lower interest rate, with considerably less maintenance. There are also cash-out opportunities with these loans, providing access to growth capital.

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