Case Study

Assume you purchased a personal property appraisal for your standard, two bedroom home or condominium that you acquired within the last year. This is an example of the tax savings[1] you're likely to see.[2]

Year One

	Without Appraisal	With Appraisal
Land	$40,000.00	$40,000.00
Building	$160,000.00	$140,000.00
Personal Property	-	$20,000.00
Depreciation Allowance	$5,818.18	$9,090.91
Tax Bracket - 25%		
Potential Tax Savings	**$1,454.55**	**$2,272.73**

Increased Tax Savings of $818

Year Two

	Without Appraisal	With Appraisal
Land	$ 40,000.00	$40,000.00
Building	$160,000.00	$140,000.00
Personal Property	-	$20,000.00
Depreciation Allowance	$5,818.18	$11,490.91
Tax Bracket - 25%		
Potential Tax Savings	**$1,454.55**	**$2,872.73**

Increased Tax Savings of $1,418

Over the first two years of ownership that is a tax savings of $2236, or for those avid number crunchers: a return on investment of 275%. That is an annual return on investment of 137%.

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[1] Under Code 167(a), the IRS allows a reasonable allowance for a deduction, over time, for the cost of capital or income earning assets. Code sections 38 and 168 and Revenue Procedure 87-56 later clarified by Revenue Procedure 88-22, provide guidance on the life of a given object that is depreciable.

[2] This study does not account for homes purchased longer than one year ago that may need to file for a 'change of method' with your CPA. This study does not account for a home that has been substantially upgraded or particularly well-cared for, nor does it account for a home with a fair amount of landscaping. This financial product is not tax advice and should not be interpreted as such. Always consult your CPA about employing a financial tool.

[2] **Please ask for special pricing on larger, multi-unit dwellings**.