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## The American Society of Cost Segregation Professionals Introduces its Quarterly e-Newsletter

Welcome to the first edition of our new e-newsletter. The Society plans to publish a quarterly e-newsletter with the goal to provide updates on current issues affecting the cost segregation industry, as well as, to provide educational and technical training resources for commercial property investors and various professionals with an interest in the industry and related tax matters.

This first article is a question-and-answer session with the current ASCSP President Alex Bagne. Alex is the President of ICS Tax, LLC, a nationwide tax consulting firm. Alex holds a bachelor's degree in Accounting from the Ohio State University, a master's degree in Business Administration from the University of Minnesota, and a Juris Doctor degree from Tulane University. Alex is a licensed attorney, a Certified Public Accountant, and a Certified Cost Segregation Professional.

*Alex, the ASCSP has now been around since 2006 and has gained a reputation for setting cost segregation industry standards, how has this impacted the way work gets done?*

Alex: The goal of the ASCSP has always been to train and educate. The ASCSP was founded with the goal to help establish standards of practice for the industry that would be acceptable to the IRS. The IRS does not and will not hesitate to question improperly-done studies. In fact, they recently published a Chief Counsel Advice memorandum discussing penalties assessed upon a preparer of an overly aggressive cost segregation study. I think this added scrutiny will help the industry weed out non-qualified service providers, as well as, encourage professionals to provide better documentation and support for their studies.

*Commercial property owners can enjoy substantial savings through properly executed cost segregation studies. How would you define a proper study?*

Alex: Well, the IRS has published what they believe to be a proper study, so I think you must start there in order to define a proper study. To elaborate, the IRS publishes Audit Technique Guides (ATGs) for its field agents which serve as manuals of reference while auditing a particular tax issue. The ATG specific to cost segregation is a rather lengthy document that provides the steps that the agent should follow. These steps include reviewing the methodology of the study as well as interviewing the person who prepared it. It is important that anyone preparing a study consider the ATG, because at the end of the day the study must pass IRS scrutiny.

*The ASCSP has created a Certification credential - Certified Cost Segregation Professional (CCSP). There are few that hold this designation, even among members within the ASCSP. Naturally, the CCSP credential was designed to be awarded only to those with certain experiences and skills. Given that, what does the CCSP designation mean for those investing in a cost segregation study?*

Alex: The goal of the ASCSP has always been to bring integrity to the cost segregation industry. The ability to prepare a proper cost segregation study requires a thorough understanding of both tax and engineering principals. If a cost segregation professional is deficient in either area, the study might contain errors that ultimately could harm the taxpayer. The CCSP certification process was designed to be awarded to those professionals who have demonstrated that they have mastered both the tax and engineering principals required to complete a cost segregation study with the highest standard of care.

*Working from that, there are inexpensive alternatives out there for cost segregation studies. What are the risks in this regard - audit, penalties, etc.?*

Alex: There are two main risks of not doing a proper study; either the taxpayer will not fully realize the tax benefit of the study or they take too aggressive of a position, get audited, and are assessed additional tax, penalties and interest.

*Can you discuss any potential impacts of the TCJA on cost segregation studies and the industry?*

Alex: The TCJA has made cost segregation studies more valuable to many taxpayers because of bonus depreciation. Bonus depreciation is a tax incentive allowing businesses to immediately deduct a large percentage of the purchase price of eligible business assets, such as land improvements and personal property. Under prior law, taxpayers were allowed a 50% immediate deduction and it only applied to new items. Under current law, taxpayers are allowed 100% bonus depreciation on eligible new and used items. Carving out land improvements and personal property now yields even greater acceleration of deductions.

*Generally, what advice would you give to commercial property owners or accounting firms who are seeking a cost segregation professional?*

Alex: Certainly, involvement in the ASCSP is critical. In addition to the minimum quality standards and code of ethics that all members must heed, the Society provides education and an open forum for members to discuss issues. For example, I recently had a unique issue involving a company that constructed a cold storage facility in a mountain that was hollowed from mining. I sought feedback from fellow members as to the treatment of improvements made therein - as many were similar to those made to buildings. Having discussed with my colleagues, even ones at competing firms, I found the correct answers. Additionally, hiring a Certified Cost Segregation Professional is always a good plan, as it means that the professional has 7 years and 7,000 hours of relevant experience, as well as, passed our rigorous examination.

*The ASCSP plans to produce quarterly articles focused on the cost segregation industry. What can we expect to see from these articles moving forward?*

Alex: We get tremendous feedback from both commercial property owners and accounting professionals regarding confusing and complex areas of the tax law as it relates to the real estate industry. Our goal is to identify and address these issues and areas. Further, with constantly new tax law, case law, Private Letter Rulings, and other pronouncements that require a careful understanding, our goal is to share our understandings and expertise of these items. But our foremost goal is to educate real estate investors on how to reduce their tax burdens.



## ASCSP Conference 2019 - Save the dates! October 23-25

We are stepping it up again this year - the committee just added a welcome registration reception the evening of Wednesday Oct. 23rd so you can enjoy a cocktail and meet folks you will be associating with at the Conference.

Our projected keynote is a world class presenter. The registration discount for those who book their sleeping accommodations early is back on! Stay tuned.....

This year's conference will feature more breakout sessions aimed to newer cost segregation professionals, a networking team building get-together at the President's Reception, and our 4th Annual Golf Outing.

***More.....***

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***Calling for articles, opinions, case studies & events.***



***ASCSP members are the cost segregation experts  
and we aim to be sure the industry knows it.***

On the ASCSP website we post articles submitted by members, but we've never made a

formal call for more, but today we are make the request formal. We'd love to grow this section a great deal.

When submitting please be sure the topics are relatively current. As the new articles come in they will be given their own unique page on our website with a link off the main articles page (see link below). Once posted to the ASCSP website these articles will be promoted via our newsletter Findings, on Linked In and other media.

**[Member articles page](#)**

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