

Improve Tax Efficiency on office improvement projects



Office expansion projects often involve long-term tax depreciation (15 or 39 years) and shorter-term office leases (7 or 10 years). This can cause a host of problems.

Luckily, there is a better way.

Businesses across the U.S. are changing their strategy on tenant improvement (T.I.) projects. Here is a comparison of a **lease versus a loan** for \$1,000,000 of T.I.:

LOAN OR CASH FOR T.I.			TAX LEASE FOR T.I.		
Year	Depreciation (15 Years)	Tax Shield (39% Rate)	Year	Rent Expense	Tax Shield (39% Rate)
1	\$66,667	\$26,000	1	\$151,920	\$59,248
2	\$66,667	\$26,000	2	\$151,920	\$59,248
3	\$66,667	\$26,000	3	\$151,920	\$59,248
4	\$66,667	\$26,000	4	\$151,920	\$59,248
5	\$66,667	\$26,000	5	\$151,920	\$59,248
6	\$66,667	\$26,000	6	\$151,920	\$59,248
7	\$66,667	\$26,000	7	\$151,920	\$59,248
TOTAL TAX SAVINGS		\$182,000	TOTAL TAX SAVINGS		\$414,736



That's \$232,736 in tax savings

over the next 7 years, with lower cash flows than you would experience with a loan.



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The above is for informational purposes only and is not intended to constitute legal, financial, or accounting advice. Some types of tenant improvements may not be eligible. All lessees are directed to consult with their professional tax and legal advisors before making any financing decision.