CORPORATE TAX ADVISORS
SPECIALTY TAX INCENTIVES

FOR EXPRESS CAR WASH OWNERS

Your car wash could be hiding a first-year deduction.

Cost segregation can move qualifying components out of a 39-year building schedule and into faster depreciation—putting tax savings to work sooner.

39 YEARS FOR THE BUILDING SHELL → **5 · 7 · 15** YEAR CLASSES FOR QUALIFYING ASSETS → **100%** BONUS DEPRECIATION WHEN ELIGIBLE*

A car wash is more than a building.

An engineering-based study separates the facility into its real components, assigns supportable tax lives, and creates the documentation your CPA needs to accelerate eligible depreciation.

Built, bought, or improved a wash?

A study may be performed in the current year—or later through an accounting-method change, depending on the facts.

✓ COMPONENTS WORTH REVIEWING

- Conveyors and wash equipment
- Vacuum stations and support systems
- Canopies, signage, and site lighting
- Dedicated electrical distribution
- Pumps, controls, and specialized plumbing
- Water reclaim and treatment equipment
- Paving, drainage, and land improvements
- Specialized interior finishes

$1–2M
ILLUSTRATIVE ACCELERATED BASIS

On a $5 million wash, if the study identifies $1–2 million of eligible shorter-life property, 100% bonus depreciation may accelerate that amount into year one. The building allocation and usable tax benefit depend on basis, acquisition dates, placed-in-service dates, entity structure, income, and participation.

Hire a manager? Participation still matters.

Cost segregation creates deductions. Passive-activity rules determine where an individual owner may use them.

1. **The 500-hour test**
More than 500 hours is one route to material participation. Other tests may apply, but owner time must be supportable.

2. **Grouping may help**
Related activities may be treated as one only when they form an appropriate economic unit under the passive-activity rules.

3. **File and document correctly**
Grouping generally requires a disclosure statement and consistent treatment. Keep contemporaneous records of owner participation.

Management-company hours do not become the owner's hours. Review participation and grouping with your tax advisor before relying on the deduction against nonpassive income.

CTA makes it practical.

1. **Free feasibility screen**
Basis, timing, entity, and expected benefit.

2. **Engineering study**
Component classification and defensible support.

3. **CPA-ready delivery**
Report, schedules, and coordination with your tax team.

*100% bonus depreciation generally applies to eligible qualified property acquired and placed in service after January 19, 2025; special timing and eligibility rules apply. Illustration is not a projection or tax advice. Actual results vary. Land is not depreciable. Consult your tax advisor regarding basis, eligibility, passive-activity limitations, at-risk rules, grouping, elections, and state conformity.

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