



Cost Segregation Services Case Study

Renewable Energy ITC

Marshall & Stevens Cost Segregation professionals were retained by an investment bank that had recently entered in agreement to acquire a 30MW_{AC} solar farm in Georgia that was still under construction via a tax equity investment transaction. The purchase price was partially contingent on the economics of the facility, which in turn was partially driven by the amount of the federal Investment Tax Credit (“ITC”) provided under the guidance of the Internal Revenue Code Section 48 (IRC §48). The IRS’s application instructions for the ITC suggest that the application be accompanied by “an accounting of your basis in the energy property.”

Case Highlights

- Analyzed all pertinent agreements related to the project (purchase agreement, ground leases, easements, interconnection agreement, power purchase agreement, etc.), as well as the construction drawings and specifications.
- Conferred with the Engineering, Procurement & Construction contractors and the developer to prepare an accurate development cost model.
- Identified three levels of soft costs in order to properly allocate overhead to the appropriate direct costs.
- Assigned all component costs to an appropriate tax category, citing and discussing the pertinent tax code, IRS Notices, Revenue Rulings, and case law.

By engaging the Marshall & Stevens team, our client was able to present a detailed and thoroughly vetted report to accompany their ITC application. This provided a level of confidence in the anticipated credit required for the client’s due diligence and transaction underwriting process. Our report identified 98.2% of the transaction price as the eligible basis for the ITC.

Subject Matter Expertise

- Cost Segregation Analysis
- IRC Section 48 Investment Tax Credits
- Renewable Energy Services and Infrastructure
- Purchase Price Allocation

About Marshall & Stevens

Marshall & Stevens is a recognized leader in valuation and litigation support. We assist our clients with planning, due diligence, negotiation and reporting issues related to financings, mergers, acquisitions, divestitures, restructurings, insurance placement and tax-related transactions. Our in-house specialists provide a full portfolio of valuation-related services, including transaction advisory for machinery & equipment, facilities, real estate, businesses and intangible assets, and debt and equity instruments.

Our Experience

At Marshall & Stevens, our professionals understand the importance of client service. We value each client and assignment, knowing that our work becomes an integral part of your process. Our professionals provide independent, credible valuation and advisory services. Our reputation for delivering high-quality work has grown through an insightful service-oriented approach.

Our Team

Our professionals are highly trained and well educated, and continue their career education, with many having prestigious designations including Certified Public Accountants (CPA), the Accredited Senior Appraiser designation from the American Society of Appraisers (ASA), Member of the Appraisal Institute (MAI), the Royal Institute of Chartered Surveyors (MRICS and FRICS), Certification in Distressed Business Valuation (CDBV), as well as Accredited in Business Valuation (ABV) by the American Institute of Certified Public Accountants (AICPA).

Services Offered by Marshall & Stevens

- Business Valuation and Opinions
- Cost Segregation
- Dispute & Litigation Support
- ESOP Valuation
- Financial Reporting
- Financial Valuation
- Health Care Valuation
- Machinery & Equipment Valuation
- Private Equity & Portfolio Analyses
- Real Estate Valuation
- Structured Finance / Leasing
- Tax Planning & Reporting
- Transaction Opinion Services

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Our Locations

With multiple offices throughout the United States, Marshall & Stevens has the ability to quickly assemble teams to satisfy client needs

New York

Chicago

Los Angeles

Tampa