



Acquisition Price Allocation

Getting behind the numbers gets you in front of your taxes

The discovery process behind *ad valorem* taxes can be complex and cumbersome. From transfer and recordation, to real and tangible personal property, each tax requires dynamic learning and sophisticated understanding as states and subordinate local jurisdictions continue to evolve their rules and regulations over the collection of all property-related taxes. As effective tax rates continue to rise in correspondence with state and local authorities' budget growth, the need for careful management becomes increasingly critical.

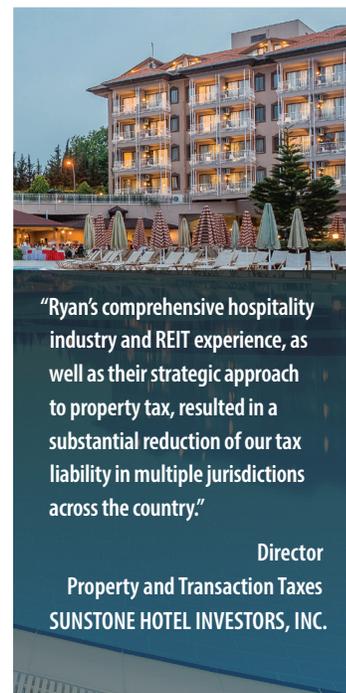
Typically, most taxpayers are not afforded the luxury of in-house experts solely focused upon the multifaceted requirements of each taxing authority. With evolving laws and practices unique to each state, county, or even city, a focused expert is needed to avoid substantial overpayments.

Not understanding the data, assumptions, and other numbers relied upon by the taxing authority often results in flawed reporting, material overpayments at close, as well as inflated future property assessments and taxes. When these errors go unnoticed, they often compound throughout the entire ownership period, potentially costing property owners millions of dollars in lost revenue.

Businesses (or use of property) most often impacted by overtaxation include hospitality, resorts, entertainment, medical, skilled care, retail, and manufactured and student housing, among others. These types of real estate serve as platforms for sophisticated business operations that require significant investments in intangible and tangible personal properties.

If you are involved with these businesses or types of assets and are unsure if such concerns might apply, you should carefully consider all available controls to guard against those risks. Focused attention can drive a significantly stronger return on your investment.

Whether approaching a potential acquisition or disposition, or during your "hold" period in between, Ryan's Acquisition Price Allocation (APA) service can help you quantify and memorialize individual prices for not only your real estate but also the non-realty assets as well. This will ensure you are well-positioned not only for state or local compliance or disclosure requirements but also to avoid potential overpayment of related taxes.



"Ryan's comprehensive hospitality industry and REIT experience, as well as their strategic approach to property tax, resulted in a substantial reduction of our tax liability in multiple jurisdictions across the country."

Director
Property and Transaction Taxes
SUNSTONE HOTEL INVESTORS, INC.

What is Acquisition Price Allocation?

APA is a study of buyer and seller assumptions related to the mutually agreed upon consideration, both in total and for individual assets during a particular transaction. Each study is focused on state and local tax rules and practices, specifically including recordation, transfer, real property, and personal property reporting and taxation requirements. Each APA report documents the parties' mathematics of the transaction, including the calculation of each component value.

What are the benefits?

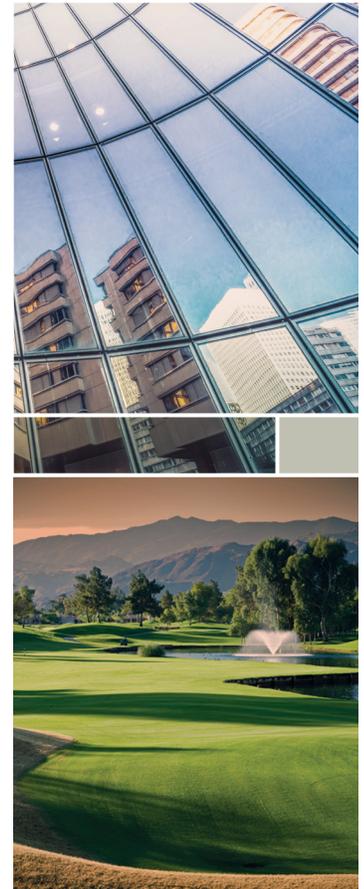
Taxpayers often mistakenly record the gross purchase price for the business, including all its subordinate parts, instead of the price paid for the real property. However, typical law requires only the latter real estate price to be considered. With the aid of the APA report, which memorializes the gross and itemized component purchase prices, taxpayers can correctly report real estate consideration only, as generally required by law.

The benefits of an APA may be immediate—even at close—with respect to a reduced transfer and/or recordation tax burden and may also carry on in perpetuity with subsequent real property tax savings.

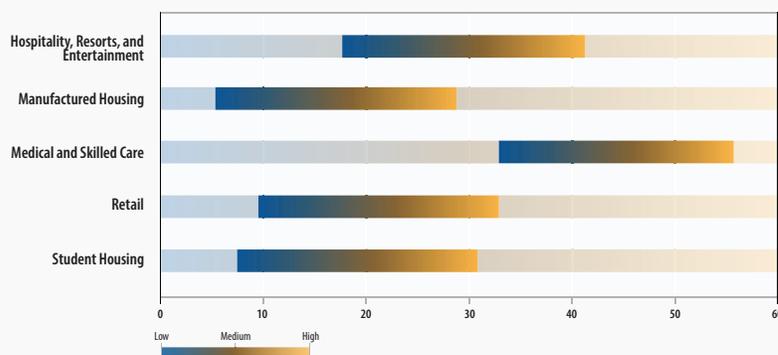
Why Ryan?

The Ryan APA process and report enable buyers and sellers to account for their assets traded appropriately. We help both parties ensure that no one pays more than their fair and appropriate share of taxes triggered by the sale event. When the parties are empowered to memorialize both the gross purchase price and the four subcomponents of that consideration—such as real estate land, real estate improvements, tangible personal property, and intangible property—they can significantly reduce the likelihood of either originally overpaying tax or enduring costly recoupment exercises for excess taxes paid.

Ryan will improve your profitability and cash flow through strategic tax planning and advisory services to mitigate the state and local tax consequences of your pending transaction.



Non-Realty Price by Sector



Award-Winning Tax Services

For additional information

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