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May 2010

**Subject: Tax Treatment of Freestanding (De-mountable) Mezzanines**

The following example is, in our view, a correct interpretation of the tax rules governing depreciation of freestanding, de-mountable mezzanines installed for business use. Depreciation rules treat freestanding mezzanines as equipment that may be depreciated over a 7-year GDS (General Depreciation System) recovery period using the 200% declining balance method. For example, a mezzanine with a cost of \$10,000 has a depreciation deduction schedule as follows:

Base Year	\$1,429.00
Year 1	\$2,449.00
Year 2	\$1,749.00
Year 3	\$1,249.00
Year 4	\$ 893.00
Year 5	\$ 892.00
Year 6	\$ 893.00
Year 7	\$ 446.00

Alternatively, a mezzanine that is permanently attached to a building would have to be depreciated over a period of 39 years- the depreciation schedule applicable to new construction of nonresidential real property.

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, Schmidt Structural Products, Inc. recommends consultation with a qualified tax advisor, CPA, Financial Planner or Investment Manager.