



# HIGHER BENEFITS FOR **SECTION 179** HAVE BEEN APPROVED

**The deduction limit for Section 179 is now \$500,000**  
Secure your customers' tax benefits on new equipment purchases today!

## **2016 SECTION 179**

Example Calculation

<b>EQUIPMENT PURCHASES:</b>	\$650,000
First Year Write Off: ( $\$500,000 = \text{maximum in 2016}$ )	\$500,000
50% Bonus First Year Depreciation: (Updated to 50% via PATH Act of 2015)	\$75,000
Normal First Year Depreciation: (20% in each of 5yrs on remaining amount)	\$15,000
Total First Year Deduction: ( $\$500,000 + 575,000 + 15,000$ )	\$590,000
Cash Savings: ( $590,000 \times 35\% \text{ tax rate}$ )	\$206,500
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<b>EQUIPMENT COST AFTER TAX:</b> (assuming a 35% tax bracket)	\$443,500

## 2016 = \$500,000

This deduction is good on new and used equipment, as well as off-the-shelf software.

## BONUS DEPRECIATION: 50%

Bonus Depreciation is taken after the Section 179 Spending Cap is reached.

Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that if you buy (or lease) a piece of qualifying equipment, you can deduct the FULL PURCHASE PRICE from your gross income. It's an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves.

Several years ago, Section 179 was often referred to as the "SUV Tax Loophole" or the "Hummer Deduction" because many businesses have used this tax code to write-off the purchase of qualifying vehicles at the time (like SUV's and Hummers). But, that particular benefit of Section 179 has been severely reduced in recent years, see 'Vehicles & Section 179' for current limits on business vehicles.

Today, Section 179 is one of the few incentives included in any of the recent Stimulus Bills that actually helps small businesses. Although large businesses also benefit from Section 179 or Bonus Depreciation, the original target of this legislation was much needed tax relief for small businesses - and millions of small businesses are actually taking action and getting real benefits.

*\*Disclaimer: This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*