



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

The deduction limit for Section 179 is now up to \$2,500,000 for total Software & Equipment purchases per year.

Secure your customers' tax benefits on new equipment purchases today!

## 2018 SECTION 179

Example Calculation

<b>EQUIPMENT &amp; SOFTWARE PURCHASES:</b>	\$2,000,000
First Year Write Off: (\$1,000,000 = maximum in 2018)	\$1,000,000
100% Bonus First Year Depreciation: (Updated to 100% via PATH Act of 2015)	\$1,000,000
Total First Year Deduction:	\$2,000,000
Cash Savings: (2,000,000 x 21% tax rate)	\$420,000
<b>EQUIPMENT COST AFTERTAX:</b>	<b>\$1,580,000.00</b>

## 2018 Deduction Limit = \$1,000,000

*This deduction is good on new and used equipment as well as software.*

## 2018 Spending Cap: 100% up to \$2,500,000.00

*This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced on a dollar for dollar basis. This spending cap makes Section 179 a true “small business tax incentive” (because larger businesses that spend more than \$3.5 million on equipment won’t get the deduction.)*

## 2018 Bonus Depreciation: 100%

*Bonus Depreciation is generally taken after the Section 179 Spending Cap is reached. The Bonus Depreciation is available for both new and used equipment.*

## Here’s How Section 179 works:

*In years past, when your business bought qualifying equipment, it typically wrote it off a little at a time through depreciation. In other words, if your company spends \$50,000 on a machine, it gets to write off (say) \$10,000 a year for five years (these numbers are only meant to give you an example).*

*Now, while it’s true that this is better than no write-off at all, most business owners would really prefer to write off the entire equipment purchase price for the year they buy it.*

*And that’s exactly what Section 179 does – it allows your business to write off the entire purchase price of qualifying equipment for the current tax year.*

*This has made a big difference for many companies (and the economy in general.) Businesses have used Section 179 to purchase needed equipment right now, instead of waiting. For most small businesses, the entire cost of qualifying equipment can be written-off on the 2018 tax return (up to \$1,000,000).*

## Limits of Section 179

*Section 179 does come with limits – there are caps to the total amount written off (\$1,000,000 for 2018), and limits to the total amount of the equipment purchased (\$2,500,000 in 2018). The deduction begins to phase out on a dollar-for-dollar basis after \$2,500,000 is spent by a given business (thus, the entire deduction goes away once \$3,500,000 in purchases is reached), so this makes it a true small and medium-sized business deduction.*

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