

IRS Section 179 TAX BENEFITS

Applies to Software & Technology Purchases

Take Advantage of IRS Section 179 and Bonus Depreciation for 2020

IRS Section 179 applies to software purchases in addition to equipment and hardware. It includes almost any type of software including subscription software, SaaS, ERPs, CRMs, HR, Medical, Legal & Accounting Software.

The 2020 deduction limit for Section 179 is \$1,000,000

This means that if your business buys or finances* software, you can deduct the Full Purchase Price (up to \$1,000,000) from its gross income.

The 2020 Section 179 bonus depreciation for the total amount of software / equipment that can be purchased is \$2,500,000

This means that you can purchase more software or equipment and still have the benefit of the Section 179 deduction.

100% bonus depreciation has been extended to tax year 2020

For software, equipment or hardware purchases that are over the Section 179 deduction of \$1,000,000 you can deduct an additional 100% of the overage in addition to the standard \$1,000,000 deduction.

WHAT DOES THAT MEAN FOR YOUR BUSINESS?

If you finance a qualifying software or equipment in 2020, you can deduct the full amount of software or equipment (up to \$1,000,000) without paying the full amount this year.

In fact, the amount you save in taxes could be greater than what you pay in the first year of a lease. Your software or equipment can make you money from the start.

*Financing subject to approval

EXAMPLE:

Purchase Qualified Software:

SOFTWARE COST: \$1,500,000

First Year Write Off **\$1,000,000**

\$1,000,000 is the maximum Section 179 write-off

100% Bonus Depreciation **\$500,000**

On any remaining value above \$1,000,000:
\$1,500,000 minus \$1,000,000 = \$500,000
The remaining \$500k is covered 100%.

Total First Year Depreciation **\$1,500,000**

\$1,000,000 under Section 179; \$500,000 Bonus Depreciation


Total Tax Savings
(Assuming Rate = 35%) **\$525,000**

$\$1,500,000 \times 35\% = \$525,000$

First Year Net Cost
After Tax Savings **\$975,000**

$\$1,500,000 - \$525,000 = \$975,000$

CONTACT DIMENSION FUNDING

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This program does not assume that your company will qualify to take advantage of the IRS Section 179 depreciation schedule which allows rapid first year depreciation of certain assets acquired. The amount of previous depreciation your company may have used may affect your ability to utilize the elections. Please consult your tax advisor or accountant for additional information.