A SPOTLIGHT ON REAL MONEY-MAKERS

Learn About a $500,000 Tax Break

Section 179 at a Glance for 2016

Most people think the Section 179 deduction is some mysterious or complicated tax code. It really isn't, as you will see below. Essentially, 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.

2016 Deduction Limit = $500,000
This deduction is good on new and used equipment, as well as off-the-shelf software. This limit is only good for 2016, and the **equipment must be financed/purchased and put into service by the end of the day, 12/31/2016.**

2016 Spending Cap on equipment purchases = $2,000,000
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".

Bonus Depreciation: 50% for 2016
Bonus Depreciation is generally taken after the Section 179 Spending Cap is reached. Note: Bonus Depreciation is available for new equipment only.

The above is an overall, "simplified" view of the Section 179 Deduction for 2016. For more details on limits and qualifying equipment, as well as Section 179 Qualified Financing, please read the entire website carefully. We will also make sure to update this page if the limits change.

Here is an example of Section 179 at work during this 2016 tax year.

2016 Section 179
Example Calculation

Equipment Purchases:	$ 650,000
First Year Write Off: ($500,000 = maximum in 2015)	$ 500,000
50% Bonus First Year Depreciation: (updated to 50% via PATH Act of2015)	$ 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 x 35% tax rate)	$ 206,500
Equipment cost after Tax: (assuming a 35% tax bracket)	$ 443,500

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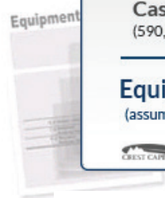

Visit www.section179.org to learn more

*The above is promotional material. It does not affect the terms of any contract with us. It is not intended to and does not constitute tax advice. It is based on assumptions that may not apply in your situation. You should contact your own tax advisors to confirm how applicable tax rules apply to your business and your equipment/software.

Actual Saving Examples . . .

Making New Purchases Reachable in 2016

EXAMPLES

PRODUCT/ ITEM(S)	QUANTITY	FINANCED ITEM COST	IMMEDIATE* TAX DEDUCTION	TAX SAVINGS* (35% TAX BRACKET)
MCS Heaters BV 500	3	$13,185	$13,185	
Rotair 185	4	$62,136	$62,136	
Allmand NL500	6	$41,400	$41,400	
BilJax 45XA	1	$48,693	$48,693	

Plus Financing Examples

Rates and fees as of 9/29/2016, and are subject to change. Sales/use taxes will be added if applicable. Plus documentation fees may apply.

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