

2009 Tax Incentives

Reduce Your Cost of Ownership with the American Recovery and Reinvestment Act of 2009

This new tax incentive may **lower your cost** of acquiring equipment through increased expense limits on equipment purchases of \$250,000 with an additional 50% bonus depreciation when your purchases exceed \$250,000. These benefits are good **only for qualifying purchases made in 2009**. Strategically purchasing equipment or technology for your business this year could **significantly** reduce your cost of ownership. Please read below for details on how your business could benefit.

SECTION 179 INCREASE

The Section 179 limit for 1st year expense in 2009 is now \$250,000. This can be applied to both new and used equipment.

What this could mean for your business:

Instead of depreciating a newly acquired asset over several years, the Section 179 expense allows a business to take a current year deduction of the full purchase amount up to \$250,000 for assets under \$800,000. This benefit begins to decline after total new asset acquisition tops \$800,000. Over \$800,000, the amount you can deduct decreases by \$1 for every dollar spent above \$800,000.

Sample Savings*

Original Equipment Cost:	\$48,000
<u>2009 Potential Tax Savings:</u>	<u>\$16,800</u>
Final Equipment Cost	\$31,200

**Savings on
Equipment Purchase :** **\$16,800**

**Assuming a 35% tax bracket on qualifying purchase*

BONUS DEPRECIATION

The American Recovery and Reinvestment Act includes a bonus 50% expensing allowance for new capital equipment placed in service in 2009 (capital equipment types must meet certain criteria, check with your tax advisor for full details) when the value exceeds \$250,000.

What this could mean for your business:

Capital acquired and put in use in 2009 may be depreciated at 50% of the cost of the investment in 2009 and then depreciate the remaining cost under the regular depreciation rules.

Sample Savings*

Original Equipment Cost:	\$500,000
<u>Potential Section 179 Tax Savings:</u>	<u>\$87,500</u>
Bonus Depreciation	\$43,750
Final Equipment Cost	\$368,750

**Savings on
Equipment Purchase :** **\$131,250**

**Assuming a 35% tax bracket on qualifying purchase*