

WHAT IS A Section 179 Deduction?

How does it affect my taxes?

Section 179 tax benefits may enable you to deduct the total value of your equipment purchased in 2017.

Section 179 Allowance:

The Protecting Americans from Tax Hikes (PATH) Act of 2015, makes the Section 179 allowance permanent. Section 179 expensing is now set at the \$510,000 level in 2017 for qualifying new and used equipment. Businesses with over \$2,030,000 of purchases in 2017 will have the expense deduction phase out dollar for dollar up to \$2,540,000. In addition, the Section 179 amounts are now indexed to inflation in \$10,000 increments for future years.

Bonus Depreciation:

The PATH Act extends and modifies the rules pertaining to bonus depreciation. The applicable bonus depreciation percentage will be 50% for property placed in service during 2017. The applicable bonus depreciation percentage will be 40% for property placed in service in 2018, and 30% for property placed in service in 2019.

Contact your CPA or Accountant for more information.

Example of a equipment purchase of \$500,000

Purchase price	\$500,000
1 st year Section 179 allowance	\$510,000
Total 1 st year deduction	\$500,000
Potential 1 st year tax savings (35% tax bracket)	\$175,000
After tax cost of equipment	\$325,000

Example of a equipment purchase of \$1,000,000 using 50% Bonus Depreciation

Purchase price	\$1,000,000
50% Bonus Depreciation (\$500,000 x 50%)	\$500,000
MACRS Depreciation (250,000 x 20%)	\$100,000
Total 1 st year deduction	\$600,000
Potential 1 st year tax savings (35% tax bracket)	\$210,000
	\$790,000

For information on Section 179, click here:

<http://www.section179.org/>

These materials are for informational purposes only. Nothing herein constitutes tax advice and customers should be advised to consult with their tax advisors prior to electing specific rates or options.



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