

Section 179 at a glance - New for 2013 & 2012

**2013 and 2012 Deduction Limit = \$500,000**

This is good on new and used equipment, as well as off-the-shelf software.

**2013 and 2012 Limit 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.

**Bonus Depreciation = 50%**

This is taken after the \$2 million limit in capital equipment purchases is reached. Note: Bonus Depreciation is available for new equipment only. Bonus Depreciation can also be taken by businesses that will have net operating losses in 2013.

The above is an overall, "simplified" view of the Section 179 Deduction for 2013. For more details on limits and qualifying equipment, as well as Section 179 Qualified Financing, please read this entire website carefully.

Here is an example of Section 179 at work:

<b>2013 Section 179</b>	
example calculation	
<b>Equipment Purchases:</b>	<b>\$ 650,000</b>
<b>First Year Write Off:</b>	<b>\$ 500,000</b>
\$500,000 = maximum in 2013	
<b>50% Bonus First Year Depreciation:</b>	<b>\$ 75,000</b>
\$650,000 - \$500,000 = 150k x 50%	
<b>Normal First Year Depreciation:</b>	<b>\$ 15,000</b>
20% in each of 5yrs on remaining amount	
<b>Total First Year Deduction:</b>	<b>\$ 590,000</b>
\$500,000 + \$75,000 + \$15,000	
<b>Tax Savings:</b>	<b>\$ 212,400</b>
\$590,000 x 36% tax rate	
<b>Equipment cost after Tax:</b>	<b>\$ 437,600</b>
\$650,000 less all tax deductions	