

Section 179 can provide you with significant tax relief for this 2017 tax year, but **equipment and software must be financed and in place by midnight December 31, 2017.**

Section 179 is still affected by the "Protecting Americans from Tax Hikes Act of 2015" (**PATH Act**) that was signed into law on 12/18/2015. This bill expanded the Section 179 deduction limit to \$500,000, where it will remain for all of 2017. Businesses exceeding a total of \$2 million of purchases in qualifying equipment have the Section 179 deduction phase-out dollar-for-dollar which is eliminated above \$2.5 million. Businesses of all sizes will be able to depreciate 50 percent of the cost of equipment the first year after the Spending Cap is reached.

Material goods that generally qualify for the Section 179 Deduction

- Equipment (machines, etc) purchased for business use
- Tangible personal property used in business
- Business Vehicles with a gross vehicle weight in excess of 6,000 lbs
- Computers
- Computer "Off-the-Shelf" Software
- Office Furniture
- Office Equipment
- Property attached to your building that is not a structural component of the building (i.e.: a printing press, large manufacturing tools and equipment)
- Partial Business Use (equipment that is purchased for business use and personal use: generally, your deduction will be based on the percentage of time you use the equipment for business purposes).

Example Calculation for 2016 Section 179

EQUIPMENT PURCHASES:	\$650,000
First Year Write Off: ((\$500,000 = maximum in 2016)	\$500,000
50% Bonus First Year Depreciation: (Updated to 50% via PATH Act of 2015)	\$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
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EQUIPMENT COST AFTER TAX: (assuming a 35% tax bracket)	\$443,500

**Disclaimer: This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*