

Section 179 Tax Savings

Take advantage of available tax savings...Here's how:

Under Section 179, businesses that spend less than \$430,000 a year on qualified equipment or property can write off up to \$108,000 in 2006. The rules are designed for small companies so the \$108,000 deduction begins to phase out businesses that purchase more than \$430,000 in one year.

Non-Tax/Capital Leases

The benefit of this lease type is that it can take advantage of Tax Code Section 179 and expense up to the amount allowed for the year the equipment is installed. Examples of this type of lease include \$1.00 Buyout and 10% Purchase Upon Termination (PUT) leases.

Using Section 179 and assuming a 35% tax bracket, net savings on the equipment would be:

Example: Equipment Cost =	\$125,000
1st Year Write Off:	
Section 179	\$108,000
(\$108,000 is maximum write-off)	
Normal 1st Year Depreciation	\$ 3,400
(\$125,000-\$108,000 = \$17,000 x 20% = \$3,400)*	
Total 1st Year Deduction	\$111,400
(\$108,000 + \$3,400 = \$111,400)	
Tax Savings Assuming Rate of 35%	\$ 38,990
(\$111,400 x .35 = \$38,990)	
1st Year Bottom Line Cost	\$ 86,010
(\$125,000 - \$38,990 = \$86,010)	
*Depreciation calculated at 5 years	

Tax Savings Calculator

We have created an easy to use Section 179 Tax Savings Calculator* for your use.

- Simply enter the equipment cost
- Calculator automatically figures tax savings
- Close more sales by lowering the true cost of ownership

*Excel calculator attached in this email.

Note:

For complete details, or changes to tax incentives, please visit www.irs.gov or contact the U.S. government, IRS helpline at: 800-829-4933.



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