

# Tax Benefits

## TAX BENEFITS FOR NEW EQUIPMENT ORDERS

The United States Government recently amended the tax laws to provide relief to business owners and promote business growth.

The Economic Stimulus Act of 2008 has recently been approved by the President and includes tax benefits to businesses. These incentives contain an increase in the business expensing limitation for tax years beginning in 2008.

The following outlines the tax benefits and the potential impact on your tax returns.

### ***Increase in Tax Code - Section 179 Deduction***

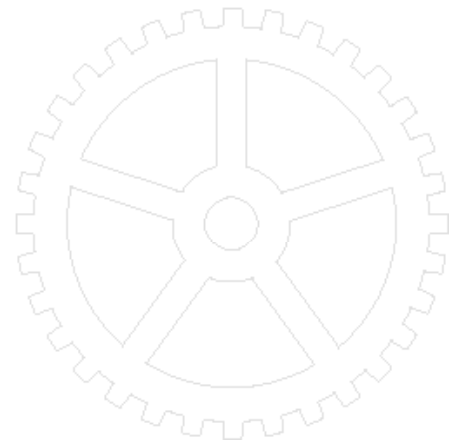
Under the IRC Section 179, the amount of investment that may be immediately deducted by businesses for tax year 2008 is now \$250,000. This deduction (which was initially \$25,000) will be adjusted each year for inflation and is effective through December 31, 2008. The equipment should be acquired and put in active use for the specific tax year. Property includes:

- Tangible property (depreciated under MACRS with a recovery period of 20 years or less)
- Computer software (depreciated under Section 167(f)(1))

### ***How it Works***

Consider this example:

1st Year Write-Off Maximum for 2008 Under IRS Code Section 179:	\$250,000
Less Cost of new equipment:	<u>-\$50,000</u>
Remainder to use under Section 179:	\$200,000
Total Deduction on this new Equipment for 1st Year:	\$50,000
Marginal Tax Rate (Assumed*): (This is more than any finance interest rate you may pay.)	35%
Your Actual 2008 Tax Savings:	\$17,500
<b>First year bottom line cost after tax savings (\$50,000 - \$17,500):</b>	<b>\$32,500</b>



*\* Assuming a 35% tax bracket, consult your tax advisor as each business has unique tax opportunities.*

### ***Contact Us***

Contact us today to create your custom finance program and start taking advantage of the tax benefits available!