

BREAKING NEWS – IRS SECTION 179

The deduction limits have changed for all 2015 qualifying equipment

What has CHANGED?

The deduction limit for Section 179 is now \$500,000.

- This means that if you buy (or finance) a piece of equipment, you can deduct the Full Purchase Price (up to \$500,000) from your gross income.
- The old limit was \$25,000.

The 2015 Section 179 deduction threshold for total amount of equipment that can be purchased is now \$2,000,000.

- This means that you can purchase more equipment and still have the benefit of the Section 179 deduction.
- The old limit was \$200,000.

50% bonus depreciation has been reinstated for the tax year 2015 and extended through 2019.

- For equipment purchases over the Section 179 deduction of \$500,000, you can deduct an additional 50% of the amount over \$500,000 in addition to your standard depreciation deduction. This applies to equipment acquired and put into service during 2015, 2016 and 2017. Then bonus depreciation will phase down to 40% in 2018 and 30% in 2019.
- The old limit was \$0.

Example Equipment Cost of \$75,000.00

First Year Write-Off: \$75,000
\$500,000 is the max. Section 179 write-off

50% Bonus Depreciation: \$0
On any remaining value above \$500,000

Normal 1st Yr. Depreciation: \$0
Depreciation calculated at 5 years = 20%

Total 1st Yr. Depreciation: \$75,000

Tax Savings
Assuming Rate of 35%: \$26,250
 $\$75,000 \times 35\% = \$26,250$

1st Yr. Net Cost
After Tax Savings: \$48,750
 $\$75,000 - \$26,250 = \$48,750$