

Understanding Enhanced Code Section 179

The American Recovery and Reinvestment Act of 2009 officially extends Section 179 deductions and expensing through 12/31/09

The recent passing of the American Recovery and Reinvestment Act of 2009 greatly benefits businesses by enhancing Section 179 deductions originally passed in the Economic Stimulus Act of 2008. Section 179 encourages near-term investment in plants and equipment by allowing businesses to immediately deduct qualifying property placed in service during the tax year. The new enhanced Code Section 179 extends the 2008 deduction limits through December 31, 2009.

Business can now continue to deduct up to \$250,000 in qualifying purchases through the end of 2009. The limit on the total amount of equipment purchases also remains at \$800,000 with deductions beginning to phase out for any dollar amounts over this limit. In addition to the extension of immediate deductions, Section 179 also offers a bonus first year depreciation on 50% of qualifying equipment after the \$250,000 deduction limit has been reached.

Code Section 179 provides strong incentives to purchase new machinery and equipment, but you must act soon in order to qualify. The extension of deductions and first year depreciation are currently set to expire on December 31, 2009, so you must place your equipment into service before the end of the year. For more information on Section 179, including deduction charts and tax calculators, visit www.section179.org.*

Code Section 179 Example:

D&K Double Kote High Speed	\$120,000 (suggested retail)
First Year Write Off	\$120,000 (section 179 deduction)
50% Bonus Depreciation	\$0 (50% off any remaining amount over \$250,000)
Regular First Year Depreciation	\$0 (n/a)
Equipment Savings	\$42,000 (assuming a 35% tax bracket)
Final Cost After Savings	\$78,000

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