



Revised Tax Incentives FOR MANUFACTURING

2012

Section 179 Federal Income Tax Deduction

The Section 179 Federal Income Tax Deduction has been changed as part of the American Recovery and Reinvestment Act and it allows a company to deduct the first \$139,000 of equipment (Section 179 Property) purchased in 2012 from their taxable income. For companies purchasing (or leasing - with a \$1.00 buy-out lease) up to \$560,000 of equipment in 2012, this deduction is available in full. It then phases out on a dollar-for-dollar basis between \$560,000 and \$699,000 and it is not available for companies purchasing over \$699,000 of equipment in 2012. However, companies can finance purchases over \$699,000 with an operating lease and may still be able to claim this deduction.

50% First Year Bonus Depreciation

The American Recovery and Reinvestment Act of 2012 also allows for a special 50% Bonus Depreciation for NEW equipment placed in service during 2012 for the production of income before January 1, 2013. This deduction allows an additional 50% first-year depreciation on the adjusted basis of qualified new equipment.

EXAMPLE OF 2012 TAX STIMULUS

\$500,000	New Machinery Equipment Acquired in 2012
\$139,000	Extended Section 179 Deduction
\$180,500	50% Bonus Depreciation of the Balance of \$361,000
\$25,793.45	14.29% Standard Depreciation
\$345,293.45	Total First Year Deduction
\$120,852.71	Cash Savings based on Company with 35% Tax Rate

Note: Machine tools and fabricating equipment are typically depreciated over 7 years. Please consult with your accountant. The above calculations are only estimates and everyone's tax situation is different.

CONTACT THE EQUIPMENT EXPERTS TODAY AT:

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Please check with your accountant to always confirm eligibility for tax benefits.