



**TECH FINANCIAL SERVICES**

A Division of Five Lakes Financial, Inc.

# SECTION 179 DEDUCTION

## Economic Stimulus Calculator

### 2021 Section 179 and Immediate Expensing of Qualified Asset Purchases

For property placed in service after December 31, 2020, the maximum amount a business may deduct for section 179 is \$1 million on the first \$2.5 million of asset purchases and phased out on purchases in excess of \$2.5 million.

For new OR used assets purchased after September 27, 2017 and before January 1, 2023, there is a 100% first-year immediate deduction for qualified property. This first year bonus depreciation begins to phase down in 20% increments after December 31, 2022.

### Example of 2020 Tax Cuts and Jobs Act (H.R. 1)

\$1,150,000.00	New or used machinery acquired in 2021
\$1,050,000.00	First year depreciation (\$1,050,000.00 maximum in 2021)
\$100,000.00	100% Bonus First Year Depreciation (Updated to 100% via 'Tax Cuts and Jobs Act')
\$0.00	Normal First Year Depreciation (20% in each of 5 years on remaining amount)
\$1,150,000.00	First year total allowable expensing (\$1,050,000.00 + \$100,000.00 + \$0.00)
\$402,500.00	First year federal tax savings (35% corporate tax rate)

Note: Machine tools and fabricating equipment have a 7 year depreciable life. Please consult with your accountant to confirm eligibility for tax benefits. The above calculations are estimates.

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