

Time is Running Out **FAST!**

Section 179 Tax Savings Expire 01/01/09

Did you know that your company can lease or purchase equipment, whether new or used, and take full advantage of the Section 179 tax deduction? Acquiring equipment with this deduction in mind, is an excellent financial strategy, especially for small and mid-sized business.

As a Member of the OneWorld Leasing (OWL) Cooperative, we have ready availability of funding during this otherwise difficult period of obtaining credit.

Business Equipment

Business owners who acquire equipment including machinery, computers, and other tangible goods, usually prefer a substantial deduction in a single tax year, rather than a little at a time over a number of years. This accelerated deduction is known by its section in the tax code: a Section 179 deduction. The 2008 law increases the amount of qualified property that a business can expense under Section 179 to \$250,000. This incentive is for equipment placed in service between December 31, 2007 and January 1, 2009 and is designed for small companies, so the deduction phases out when a business purchases more than \$800,000 in one year. (Companies cannot write off more than their taxable income).

Bonus Depreciation 2008: The law passed in 2008 also created a bonus depreciation of 50% for qualifying assets. This bonus is in addition to regular first-year depreciation.

Benefits of a Non-Tax/Capital Lease

The benefit of a Non-Tax/Capital Lease is that it can take advantage of Section 179: expense up to \$250,000 if the equipment is put in use in 2008. In addition, you may depreciate any excess on the depreciation schedule for that asset. Examples of Non-Tax/Capital Leases include a \$1.00 Buyout, an Equipment Finance Agreement (EFA), and a 10% Purchase Upon Termination (PUT) Lease. Example Calculation: Assume you finance \$300,000 worth of business equipment, put it in use in 2008, and take advantage of Section 179. Your tax savings could be significant:

Equipment Cost Example

	\$300,000	
1st Year Write Off: <small>(\$250,000 is the maximum Section 179 write-off in 2008)</small>	\$ 250,000	
50% Bonus Depreciation <small>(On remaining value: \$300,000 - \$250,000 = \$50,000; \$50,000 x 50% = \$25,000)</small>	\$ 25,000	
Normal 1st Year Depreciation: <small>(Depreciation calculated at 5 years = 20%; \$25,000 x 20% = \$5,000)</small>	\$ 5,000	
Total 1st Year Deduction: <small>(\$250,000 + \$25,000 + \$5,000 = \$280,000)</small>	\$ 280,000	
Tax Savings Assuming Rate of 35% <small>(\$280,000 x .35 = \$98,000)</small>	\$ 98,000	

The sample calculation shows how taking advantage of Section 179 can significantly lower the true cost of equipment ownership from **\$300,000** to **\$202,000**.

For the specific impact to your company, please contact your tax advisor.

Act Now!

To learn how your business can take full advantage of Section 179 and the 2008 Bonus Depreciation Incentive, contact us today for a **free consultation**. We provide financial solutions so that you can acquire the equipment your business needs to prosper and grow.

To discuss your equipment financing needs or to submit an application, contact:



ONEWORLD LEASING
INC.
"STRENGTH IN NUMBERS"
MEMBER



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Section 179
Tax Savings
Expire 01/01/09



What is Section 179?

Section 179 of the IRS tax code that permits businesses to deduct the full purchase price of qualified equipment that was purchased or financed during the tax year. In other words... if you buy (or lease) a piece of qualifying equipment, you can deduct the Full Purchase Price from your gross income on your tax return. This soon to expire tax incentive was created by the US Government to encourage businesses to buy equipment and invest in themselves.



Department of the Treasury
Internal Revenue Service