

# 2017 TAX BENEFITS

Businesses have significant reasons to acquire and install capital equipment before the end of 2017. Because of the value of accelerated deductions vs. recovery over time, you may find it valuable to better understand these tax provisions and determine if they can work to your advantage.

## Section 179 deduction and bonus depreciation example: (Enter Cost of Equipment Below)

### Cost of equipment

#### 1st year write-offs

- Section 179
- 50% Bonus depreciation
- Normal 1st year depreciation\*

#### Total 1st year deduction

#### Potential tax savings in 2017\*\*

#### “Equipment cost after tax savings year one”

\*Based on an expected 5 year asset life

\*\*Tax savings assume a 35% tax rate

## Section 179 deduction

- For 2017, companies can expense up to \$500,000 as a deduction as long as total purchases do not exceed \$2.5 million.
- Allows a 50% bonus depreciation of the cost of new equipment [under certain conditions] through 12/31/2019.
- The maximum qualified equipment investment amount that is eligible for the full \$500,000 deduction in 2017 is \$2 million.
- Can be combined with bonus depreciation.

## Bonus Depreciation

The enhanced bonus depreciation benefit allows an additional immediate write-off of 50% of the undepreciated balance for capital expenditures and depreciable property (new equipment only.)

- Applies to new equipment only that is placed in use in the United States in the 2017 calendar year.
- The Bonus depreciation has been extended through 2019. Businesses of all sizes will be able to depreciate 50 percent of the cost of equipment acquired and put in service during 2017. Then bonus depreciation will phase down to 40 percent in 2018 and 30 percent in 2019.

\*We are not offering legal, tax or financial advice. You should consult with your tax advisor for the specific impact to your business.

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