

IRS Section 179 TAX BENEFITS

Your Clients Can Take Advantage of IRS Section 179 and Bonus Depreciation for 2020

The 2020 deduction limit for Section 179 is \$1,000,000

This means that if your client's business buys (or finances*) equipment or software, they can deduct the Full Purchase Price (up to \$1,000,000) from its gross income.

The 2020 Section 179 bonus depreciation for the total amount of software / equipment that can be purchased is \$2,500,000

This means that your client's business can purchase more equipment or software and still have the benefit of the Section 179 deduction.

100% bonus depreciation has been extended to tax year 2020

For equipment or software purchases over the Section 179 deduction of \$1,000,000 your client can deduct an additional 100% of the overage in addition to the standard \$1,000,000 deduction.

WHAT DOES THAT MEAN FOR YOUR CLIENTS' BUSINESS?

If your client finances a piece of qualifying equipment or software in 2020, they can deduct the full amount of equipment or software (up to \$1,000,000) without paying the full amount this year.

In fact, the amount they save in taxes could be greater than what they pay in the first year of a lease.

*Financing subject to approval

EXAMPLE:

Purchase of a Qualified Piece of Equipment

EQUIPMENT COST: \$1,500,000

First Year Write Off \$1,000,000

\$1,000,000 is the maximum Section 179 write-off

100% Bonus Depreciation \$500,000

On any remaining value above \$1,000,000:
\$1,500,000 minus \$1,000,000 = \$500,000
The remaining \$500k is covered 100%.

Total First Year Depreciation \$1,500,000

\$1,000,000 under Section 179; \$500,000 Bonus Depreciation


Total Tax Savings (Assuming Rate = 35%) \$525,000

\$1,500,000 x 35% = \$525,000

First Year Net Cost After Tax Savings \$975,000

\$1,500,000 - \$525,000 = \$975,000

CONTACT DIMENSION FUNDING

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This program does not assume that your client's company will qualify to take advantage of the IRS Section 179 depreciation schedule which allows rapid first year depreciation of certain assets acquired. The amount of previous depreciation your client's company may have used may affect their ability to utilize the elections. Please have your client consult their tax advisor or accountant for additional information.