



# CREATE YOUR OWN TAX BREAK

The deduction limits have changed for all 2016 qualifying equipment!

## WHAT HAS CHANGED?

The deduction limit for Section 179 is now \$500,000.

- This means that if you buy (or finance) a piece of equipment, you can deduct the Full Purchase Price (up to \$500,000) from your gross income.
- The old limit was \$25,000.

The 2016 Section 179 deduction threshold for total amount of equipment that can be purchased is now \$2,000,000.

- This means that you can purchase more equipment and still have the benefit of the Section 179 deduction.
- The old limit was \$200,000.

50% bonus depreciation has been reinstated for the tax year 2016 and extended through 2019.

- For equipment purchases over the Section 179 deduction of \$500,000, you can deduct an additional 50% of the amount over \$500,000 in addition to your standard depreciation deduction. This applies to equipment acquired and put into service during 2016 and 2017. Then bonus depreciation will phase down to 40% in 2018 and 30% in 2019.
- The old limit was \$0.

For more information for SMITH or other equipment, please call:  
Leslie Conway 856-505-4315 / Lconway@marlinfinance.com

\*Credit & equipment restrictions apply.  
This program does not assume your 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 company may have used may affect your ability to utilize the elections. Please consult your tax advisor or accountant for additional information. Equipment must be purchased and placed in service by 12/31/16.



### EXAMPLE: Equipment Cost of \$75,000

**First Year Write-Off:** **\$75,000**  
\$500,000 is the max. Section 179 write-off

**50% Bonus Depreciation:** **\$0**  
On any remaining value above \$500,000

**Normal 1st Yr. Depreciation:** **\$0**  
Depreciation calculated at 5 years = 20%

**Total 1st Yr. Depreciation:** **\$75,000**

**Tax Savings Assuming Rate of 35%:** **\$26,250**  
 $\$75,000 \times 35\% = \$26,250$

**1st Yr. Net Cost After Tax Savings:** **\$48,750**  
 $\$75,000 - \$26,250 = \$48,750$

