



**EXPLAINING The “PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015”, expanded and made permanent the Section 179 Deduction and provides Bonus Depreciation for machinery placed in service in 2015 and beyond.**

**TAX INCENTIVES FOR EQUIPMENT PURCHASES!**

**What can this Act do for your company?**

- Significantly reduces your tax liability! The Section 179 Deduction allows a machine tool buyer to deduct the first **\$500,000.00** from their taxable income for up to the phase out cap of \$2,000,000.00. For amounts over this \$2,000,000.00 phase out cap there is a dollar for dollar deduction of this Section 179 allowance. This Section 179 is applicable to new or used equipment purchases.
- The Act also schedules the Bonus Depreciation to 50%. This Bonus Depreciation will allow a deduction of half the remaining basis after the Section 179 Deduction is expensed. Bonus Depreciation is only allowed for new equipment purchases.

**How does this Section 179 Deduction and Bonus Depreciation benefit your company?**

- The Section 179 allows businesses that spend less than \$2,000,000 a year on qualified equipment to write-off up to \$500,000 in 2015. For 2016 and beyond the Section 179 Deduction will be indexed annually each year for inflation.
- In addition to the 179 Deduction the remaining balance not written off then qualifies for an additional write off of HALF (50%) of the remaining balance in 2015 through 2017 with phase out provisions of 40% and 30% in 2018 and 2019, respectively.
- Companies can then deduct their Standard Depreciation (usually over 7 years) on the adjusted basis after the Section 179 Deduction and Bonus Depreciation deduction.

**Restrictions and limitations that may apply to these Deductions:**

- These deductions apply to equipment placed in service on or before December 31, 2016.
- **Remember that although Section 179 Deductions apply to new or used equipment, the Bonus Depreciation only applies to new machinery.**

**Examples with Equipment Cost of \$800,000.00:**

	<u>NEW EQUIPMENT</u>	<u>USED EQUIPMENT</u>
• Section 179 Deduction:	\$500,000.00	\$500,000.00
• Bonus Depreciation	\$150,000.00	N/A
• First year Standard Depr.	<u>\$21,000.00</u>	<u>\$42,000.00</u>
• <b>TOTAL DEDUCTION:</b>	<b>\$671,000.00</b>	<b>\$542,000.00</b>

For more information on this tax incentive or for a financing quote, call **MAX M. ISA: 713-503-7257** or visit; [www.mfrscapital.com](http://www.mfrscapital.com) for an online tax benefit calculator and finance application.

This information is offered as an overview of the possible estimated benefits of the current tax law. Consult your accountant prior to any purchase.

For machine info and availability, contact **Eagle Machine, Inc.** – 817-472-5178 – [info@eaglemachine.net](mailto:info@eaglemachine.net) – [www.eaglemachine.net](http://www.eaglemachine.net)