

EXPLAINING THE SMALL BUSINESS JOBS AND CREDIT ACT OF 2010 / 2011



The newly signed (9/27/2010) small business jobs and credit act (hr5279) **doubles** the Section 179 deduction and re-instates the 50% bonus depreciation!

What can the Small Business Jobs and Credit Act do for your company?

- Significantly reduces your tax liability! It doubled the Section 179 deduction from \$250K to \$500K, lifted the phase out cap from \$800k to \$2MM. This is available in 2010 and through 2011.
- The Act also re-instated the 50% bonus depreciation. However the 50% bonus depreciation ends 12/31/2010. To capitalize on this, order machines now. They must be in place by 12/31/2010 and many builders have 3 to 4 month lead times.
- Get Uncle Sam to help pay for your income producing equipment!
- Depending on your tax bracket and loan or lease term the savings could cover up to 18 months of payments on your loan or finance lease.

How does this Section 179 deduction 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 2010 and through 2011.
- In addition to the 179 Deduction the remaining balance not written off then qualifies for an additional write off of half of the remaining balance. 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:

- There is a phase out of the Section 179 deduction after amounts over \$2,000,000.00. For each dollar over this amount a dollar- for-dollar reduction will be applied between \$800,000.00 and \$1,050,000.00. Operating Leases may be used when corporate purchases exceed the phase out provision to preserve this \$500,000.00 deduction.
- These deductions apply to tax years that start in 2010 and 2011. As previously stated, the Bonus depreciation portion will expire on 12/31/2010.

Example with Equipment Cost of \$750,000.00 in 2010: Same purchase prior to HR 5279:

• Section 179 deduction:	\$500,000.00	\$250,000.00
• Bonus depreciation (50%)	\$125,000.00	N/A
• First year standard depr.	\$17,862.50	\$71,450.00
• TOTAL TAX SAVINGS	\$642,862.50	\$321,450.00

For more information on the 2010 Small Business Jobs and Credit Act or for a financing quote on your next purchase, call: Dave Goose - 877-626-9300 Ext: 102

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