

FROM TECH FINANCIAL SERVICES ADVISORY

THE LATEST **2008 TAX INCENTIVES**
FOR MANUFACTURING

**NEW 2008 ECONOMIC STIMULUS ACT
SIGNED INTO LAW!**

Expanded Section 179 Deduction

The Section 179 Deduction on new and used equipment purchased and placed in service in 2008 has been increased from \$128,000 to \$250,000 and the limitation amount has been increased from \$510,000 to \$800,000. The deduction is available in full up to \$800,000 and then phases out on a dollar-for-dollar basis up to \$1,050,000.

NEW 50% FIRST YEAR BONUS DEPRECIATION

The new law provides for a 50% Bonus Depreciation for NEW equipment only that is placed under binding written contract in 2008 and placed in service by December 31, 2008.



EXAMPLE OF 2008 TAX STIMULUS

\$750,000	New Machinery Equipment Acquired in 2008
\$250,000	Expanded Section 179 Deduction
+ \$250,000	50% of Bonus Depreciation of the Balance of \$500,000
+ \$35,725	14.29% Standard Depreciation of the Remaining \$250,000.
\$535,725	TOTAL FIRST YEAR DEDUCTION EQUAL TO 71% OF EQUIPMENT COST
\$187,504	CASH SAVINGS BASED ON A COMPANY WITH 35% TAX RATE

Note: Machine tools and fabricating equipment are typically depreciated over 7 Years.
Please consult with your accountant. The above calculations are only estimates and everyone's tax situation is different.