

# There's Never Been a Better Time to Buy



Tax Tip-take the Section 179 before the bonus depreciation to use toward company taxable income since the bonus depreciation can be used to go into a loss situation

Don't let this opportunity pass you by. Review your equipment and fixed asset needs and take advantage of the additional cash that can be in your pocket with this tax year.

Please consult your tax advisor for applicability to your tax situation or visit [www.irs.gov](http://www.irs.gov) for more information.

## Contact IEC

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## Did you know?

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 that was signed December 17, 2010, provides incentives that could save your company thousands of dollars and enable you to put new equipment technology on your shop floor.

## Bonus Depreciation:

- A 100% write-off of the cost of property eligible for bonus depreciation. This will apply for property acquired and placed in service after September 8, 2010, and before January 1, 2012
- A 50% bonus first-year depreciation allowance for property placed in service after December 31, 2011, and before January 1, 2013
- Can be used to put the company into a loss position
- Net operating losses can be carried back up to 5 years
- New equipment only
- Can be used with certain lease types

## Section 179 Depreciation:

- Expense immediately up to \$500,000 in qualified equipment under Internal Revenue Code Section 179
- The deduction begins to phase out dollar for dollar after \$2 million of fixed asset purchases
- Section 179 is keyed to the business's tax year rather than the calendar, which means this applies to purchases made in tax years beginning after December 31, 2010 and before January 1, 2012, thus giving some fiscal year businesses well into 2012 to take advantage of this opportunity
- New and used equipment
- The amount expensed in any year cannot exceed the amount of taxable income derived from your active business; however, any amount disallowed can be carried forward to future tax years
- Can be used with certain lease types