

2017 Section 179

Examples of Savings

Equipment purchased (financed or leased)

\$700,000

First year write off
(\$510K limit for 2017)

\$510,000

50% bonus depreciation (based on \$190K)

\$95,000

Normal 1st year depreciation
(20% each year based on \$95K)

\$19,000

Total 1st year deduction (\$510K + \$95K + \$19K) **\$624,000**

Tax Savings (35% on \$624K)

\$218,400

Equip cost after tax
(assuming 35% tax bracket)

\$481,600

Equipment purchased (financed or leased)

\$75,000

First year write off
(\$510K limit for 2017)

\$75,000

50% bonus depreciation (Amounts over \$510K) n/a

Normal 1st year depreciation
(20% each year on balance) n/a

Total 1st year deduction
(1st year 179 + bonus + normal) **\$75,000**

Tax Savings (35% on \$75K)

\$26,250

Equip cost after tax
(assuming 35% tax bracket)

\$48,750

First Year Tax Savings

Section 179
35%



**Set Depreciation
Schedule**

7%



IRS Section 179 deduction limits for 2017 are set at \$510,000 - with 50% bonus depreciation applying on the remaining balance up to \$2,030,000. Section 179 of the IRS tax code allows small businesses and freelance professionals to immediately expense up to 100% of newly acquired equipment in the year it was placed in service, helping to reduce tax liability for the tax year in question. Deductions for 2017 are up from 2016, which saw limits at \$500,000/\$2,010,000. Section 179 was positively affected by the Protecting Americans from Tax Hikes Act of 2015 (PATH Act), which permanently increased the Section 179 deduction limit to \$500,000, with \$10,000 adjustments for inflation each year starting in 2017.

Source: www.advantagefund.com



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