



**FOR IMMEDIATE RELEASE:**

February 20<sup>th</sup>, 2008

## **Economic Stimulus Bill has Incentives for Equipment Purchases**

Although the business incentives have been overshadowed in the news by the individual tax rebates, the business tax breaks are very valuable. This can be broken down into two primary areas:

### **Expensing election for Small Business**

The new law doubles the amount of equipment that can be expensed in the year of purchase. For equipment purchased (and placed in service) for tax years beginning in 2008, 100% of the cost of the equipment can be written off for tax purposes, UP TO \$250,000. This applies only in 2008.

If a business purchases more than \$1,050,000 in equipment in 2008, this expensing election is not available, but see the benefits of temporary bonus depreciation below. Remember, the equipment has to be placed in service in 2008 to qualify, so get your orders in NOW!

### **Temporary bonus depreciation**

Congress has used bonus depreciation in the past to encourage business investment (post September 11). The new law allows qualifying taxpayers 50% of the cost of qualifying equipment as first year bonus depreciation. As with the expensing election above, this provision is for equipment placed in service in 2008.

The 50% bonus depreciation can be taken even if you exceed the \$1,050,000 of equipment purchased in 2008, so even larger businesses can take advantage of this provision.

Bonus depreciation is only available for new equipment (not used). Remember, this bonus depreciation is on top of regular depreciation claimed for tax purposes.

As you can see, these provisions have the ability to greatly enhance the return on your investment (ROI) for purchasing equipment in 2008.

NOTE: As always, consult your tax advisor to ensure that these benefits will be applicable to your particular situation.

**END**

