



CANVASS CAPITAL

January 1, 2017



Section 179 Extension takes another step forward

January 1, 2017 - Section 179 is still affected by the "Protecting Americans from Tax Hikes Act of 2015" (**PATH Act**) that was signed into law on December 18, 2015. This bill expanded the Section 179 deduction limit to \$500,000, where it will remain for all of 2017.

Section 179 Deduction: Until further notice, Section 179 will be permanent at the \$500,000 level. Businesses exceeding a total of \$2 million of purchases in qualifying equipment have the Section 179 deduction phase-out dollar for dollar and completely eliminated above \$2.5 million. Additionally, the Section 179 cap will be indexed to inflation in \$10,000 increments in future years.

50% Bonus Depreciation will be extended through 2019. Businesses of all sizes will be able to depreciate 50 percent of the cost of equipment acquired and put in service during 2015, 2016 and 2017. Bonus depreciation will then phase down to 40 percent in 2018 and 30 percent in 2019.

IMPORTANT TO KNOW FOR THIS YEAR: Section 179 for Current 2017 Tax Year
Section 179 can provide you with significant tax relief for this 2017 tax year, but equipment and software must be financed and in place by midnight December 31, 2017.

Sincerely,

Gary Trebels
Certified Lease Professional
Canvass Capital, LLC
(224) 735-7300

“The Experts in Equipment Financing”





Section 179 at a Glance for 2017

2017 Deduction = \$500,000

This deduction is good on new and used equipment, as well as off-the-shelf software. To take the deduction for tax year 2017, the equipment **must** be financed/purchased and put into service between January 1, 2017 and the end of the day on December 31, 2017.

2017 Spending Cap on Equipment Purchases = \$2,000,000

This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced on a dollar for dollar basis. This spending cap makes Section 179 a true "small business tax incentive" (because larger businesses that spend more than \$2.5 million on equipment won't get the deduction.)

Bonus Depreciation: 50% for 2017

Bonus Depreciation is generally taken after the Section 179 Spending Cap is reached.

Please Note: Bonus Depreciation is available for new equipment only; used equipment qualifies for Section 179 Deduction, but does not qualify for Bonus Depreciation.

We will also make sure to update this page if the limits change.



Here is an updated example of Section 179 at work during this 2017 tax year.

2017 Section 179
Example Calculation

Equipment Purchases:	\$750,000
First Year Section 179 Write Off: <small>(\$500,000 = Maximum in 2017)</small>	\$500,000
50% Bonus First Year Depreciation <small>(updated to 50% via PATH Act of 2015)</small>	\$125,000
Normal First Year Depreciation <small>(20% in each of 5 years on remaining amount)</small>	\$25,000
Total First Year Deduction <small>(\$500,000 + \$125,000 + \$25,000)</small>	\$650,000
First Year Income Tax Savings <small>(\$650,000 x 35%)</small>	\$227,500
After Tax Equipment Cost after First Year Tax Savings <small>(Assuming 35% Tax Bracket)</small>	\$522,500
After Tax per Hour Cost: <small>(based on four hundred hours operation per month and seven year financing)</small>	\$18.96/hr.
Estimated # of Payments covered by the Tax Savings: <small>(based on a seven year financing)</small>	21



Sincerely,

Canvass Capital, LLC

Gary Trebels

Gary Trebels

Certified Lease Professional

Phone: (224) 735-7300

E-mail: gtrebels@att.net