

KELKOM.com™ Advisory

New 2016 Annual Deduction Limit Increased to \$500,000

Section 179 - New PATH Act Benefits Small & Medium Businesses

Significant Tax Savings Available*

The new law was signed into effect in mid-December. *Obviously, confirm with your tax advisor the benefits to your situation.

It provides a \$500,000 permanent increase in 2016 to the Section 179 Allowance for Deduction, and provides additional increases each year for inflation.

This means YOUR business purchases of equipment* via cash or finance agreements, including bargain option leases may write off, **the entire cost of the purchase up to \$500,000.**

Once total equipment purchases exceed \$2,000,000- the Section 179 allowed amount is reduced dollar for dollar.

Section 179 Example

Equipment Purchased	\$80,000
Section 179 Deduction Taken	\$80,000
Company Tax Bracket	35%
Tax Shield Savings	\$28,000
True, After Tax Cost	\$52,000

*Equipment Allowed

The list below is meant as a general guide to equipment that may be expensed under Section 179.

- **Machinery**
- **Computer Systems and Networks**
- **Telephone Systems**
- **Healthcare and Medical Equipment**
- **Patient Flow Communications & Nurse Call**
- **Small buses**
- **Security Systems**
- **Off the Shelf Software**
- **Office Furniture and FFE**