

Bonus Depreciation is Expiring – Catch it Now!

Year-end is fast approaching, and if your business has been considering purchasing, financing or leasing new equipment you can take advantage of both §179 Depreciation and Bonus Depreciation if you act before the end of the year. With Bonus Depreciation, businesses can deduct the full purchase price (within specified dollar limits) of equipment purchased or leased and put into service in 2011.

The Economic Stimulus Act of 2008 increased the §179 deduction limit to \$500,000 and increased the total amount of equipment that can be purchased to \$2 million from the previous amount of \$200,000. A one-time Bonus Depreciation was also added, which now allows businesses to write off 100 percent of the purchase price of **new** equipment or other assets during the year they were purchased, as opposed to taking depreciation through annual deductions over time.

Another big “bonus” identifies and reclassifies personal property assets to shorten the depreciation time for taxation purposes, which reduces current income tax obligations. Personal property assets include a building’s non-structural elements, exterior land improvements and indirect construction costs. Depreciation expense is accelerated and tax payments are decreased when an asset’s life is shortened, which frees up cash – often a lot of cash. If you purchased real estate in 2011 you may be entitled to a large bonus depreciation deduction by property identifying 5-year and 15-year assets within your property.

When originally established, Bonus Depreciation allowed 30 percent of the purchase price to be deducted, then 50 percent, and now 100 percent. This is a temporary rule change, however, and limits are scheduled to revert in future years, so this is a great time to take advantage of these generous allowances while they are available.

Most business equipment, software, office furniture and even some vehicles can qualify for the §179 deduction, including the following:

- Equipment or machinery purchased for business use
- Tangible personal property used in business
- Business Vehicles with a gross vehicle weight in excess of 6,000 lbs
- Computer Software
- Office Furniture & Equipment
- Property attached to your building that is not a structural component of the building (i.e.: a printing press, large manufacturing tools and equipment)
- Partial Business Use (equipment that is purchased for business use and personal use - generally, your deduction will be based on the percentage of time you use the equipment for business purposes.)

Consider a scenario where you lease or finance some of the above equipment during 2011. Your business can deduct the full purchase price of that equipment in 2011, yet

you've only made a few payments. Additionally, you have the benefit of putting the new equipment into use.

Taking advantage of §179 Depreciation and Bonus Depreciation in 2011 could have a major effect on your bottom line. Capital Review Group can assist you in creating a strategy for obtaining the equipment or other assets that will enhance your business, while taking advantage of generous tax deductions, improving cash flow and increasing profits.

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About CRG

At CRG, our only business is discovering, studying and applying the rules of play that can be applied with advantage to reduce costs and add profits. We are a national company with a presence in most states, where we work with professionals and their clients or directly with business owners/taxpayers. CRG is also fully qualified to provide the approved certification required for §179D tax deductions, as well as assuring that the process is conducted in accordance with Internal Revenue Code.

CRG does not replace your current tax advisors -- we work with them, adding depth to their value to you. Our experts have a long record of successful dialog with the Treasury Department and IRS that stems from our expertise in the area of energy efficiency, and from our extensive support to tax advisors and CPA's in the cost segregation arena. We complement the expertise of your financial advisors with the necessary engineering, architectural, and legal professionals to take advantage of the intent of applicable legislation. We provide realistic approaches to tax reduction, tax credits and tax incentives.