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The American Recovery and Reinvestment Act of 2009

The Economic Stimulus Act of 2008 (Section 179) provides for a bonus depreciation of up to \$250,000 for the purchase of used machinery!

The American Recovery and Reinvestment Act of 2009 extends the Code Sec. 179 expensing limit (\$250,000) that was in effect for 2008 to 2009. Similar to 2008, the deduction is reduced to the extent the cost of qualifying property placed in service during the taxable year exceeds \$800,000.

The Act also extended the 50% bonus depreciation to 2009. The 179 deduction is taken prior to the 50% bonus depreciation. For example, if \$200,000 of qualified property is placed in service during 2009 and the taxpayer elects to expense \$100,000 under section 179, then the remaining \$100,000 qualifies for 50% bonus depreciation or \$50,000

WHAT THIS MEANS FOR YOUR BUSINESS:

Instead of depreciating a newly acquired asset over several years, the Section 179 expense allows a business to take a current year deduction of the full purchase amount up to \$250,000 for assets under \$800,000. This benefit begins to decline after total new asset acquisition tops \$800,000.

The amount you can deduct decreases by \$1.00 for every dollar spent above \$800,000.

SAMPLE SAVINGS

Original Equipment Cost: \$48,000

2008 Potential Tax Savings: \$16,800

Final Equipment Cost: \$31,200

Cash Savings on Equipment Purchase : \$16,800.00

**Assuming a 35% tax qualifying purchase*

With this generous temporary tax incentive, now is the time to upgrade your manufacturing capabilities by purchasing quality used machinery from Prestige Equipment.

For more detailed information, please visit the Internal Revenue Service Web Site at:
<http://www.irs.gov/newsroom/article/0,,id=204335,00.html>

Contact Us

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