

You may benefit from a Section 179 deduction on Panasonic Mobile Computing Solutions

This may be your best tax break yet.

On February 13, 2008, President Bush signed H.R. 5140, otherwise known as the Economic Stimulus Act of 2008. This, combined with Section 179 of the IRS tax code gives businesses tax incentives to **purchase or lease** qualified equipment this year—which is defined as depreciable tangible personal property purchased for use in an active conduct of a trade or business.

What is Section 179 and what can it mean for you?

Section 179 of the IRS tax code allows businesses to **deduct the full purchase price of qualifying equipment up to \$250,000 this year from your gross income.** Because this reduces your taxable income: (1) you may be in a lower tax bracket, which will save you money on the balance of your income; and (2) because you have less income to tax, you will save money on your tax bill.

Leasing and Section 179

When you lease Panasonic equipment on a Capital Lease, you can still take full advantage of Section 179 deduction. The obvious advantage to leasing or financing the equipment and then taking the Section 179 Deduction is the fact that **you can deduct the full amount of the equipment, without paying the full amount this year.** The amount you save on taxes can actually exceed the payments. In fact, leasing equipment with the Section 179 deduction in mind is a preferred financial strategy for many businesses, as it can significantly help with not only cash flow, but profits as well.

For more information, or to request a lease quote, call:

1-800-373-6304

Acquire before December 31, 2008 and you may be eligible for first year Bonus Depreciation.

Another incentive of the Economic Stimulus Act of 2008 is that it offers a one-time “bonus first year depreciation” of 50% on any amount of qualified equipment over the \$250,000 Section 179 allowance.

- 50% of the remaining purchase price, net of any Section 179 expense allowance if taken
- MACRS depreciation can then be calculated on the new cost and also deducted in the year of purchase

Be sure to discuss this and other potential tax benefits with your tax consultant.

Here's an example of what your tax savings could be under Section 179:

Please note that Section 179 of the tax code allows Small Businesses (those whose equipment purchases of all kinds, new or used, do not exceed \$800k) to expense the first \$250k until 12/31/08.

2008 Equipment Purchases	\$400,000
First Year Write Off (under the new law, \$250,000 is the maximum Section 179 write-off in 2008)	\$250,000
Bonus First Year Depreciation (on remaining value; $\$400k - \$250k$, $\$150k \times 50\% = \$75k$)	\$75,000
Normal First Year Depreciation (depreciation calculated at 5 years, meaning 20% per year. $\$75 \times 20\% = \$15k$)	\$15,000
Total First Year Deduction ($\$250k + \$75k + \$15k = \$340k$)	\$340,000
Tax Savings (Assume 35% tax rate, $\$340k \times .35 = \$119k$)	\$119,000
Total Equipment Cost ($\$400k$ less all tax deductions of $\$119k$)	\$281,000

This sample calculation shows how taking advantage of the Section 179 Deduction can significantly lower the true cost of the equipment purchased or leased. In the example, \$400,000 in equipment purchased has a **true cost of \$281,000.** That's \$119,000 added to your bottom line, which is substantial. In order to qualify for the Section 179 Deduction, **the equipment must be purchased or leased and put into service by December 31, 2008.**