

## IMPORTANT TAX DEDUCTION FOR EQUIPMENT IRS SECTION 179 AND BONUS DEPRECIATION

Thanks to IRS Section 179 and bonus depreciation guidelines of the Federal Tax code, businesses (large or small) investing in new equipment may be eligible to deduct 100% of the purchase price of the equipment in 2020. IRS Section 179 allows qualifying equipment of up to \$1,040,000 annually to be fully deducted in the current tax year as opposed to spreading it out over the life of the equipment. In addition, bonus depreciation is allowed for amounts in excess of the Section 179 limit so that 100% of any new equipment purchases can be deducted in 2020.

**Please contact your tax advisor to see if your business qualifies for the deduction.**

### Why Act Now?

- Significant tax relief for businesses investing in qualifying equipment
- The Section 179 and bonus depreciation deductions can be taken on qualified equipment that is either financed or purchased



John Henry Foster (JHFoster) is a leading distributor and service provider of automation, robotics and compressed air systems. Our mission is to assist companies like yours automate their manufacturing applications to make the process a positive journey. We are committed to providing successful solutions that exceed production demands, reduce costs, and increase overall efficiencies.

Headquartered in Eagan, MN, with an advanced robotics training facility and in-house UL 508A and UL 698A certified control panel shop, we also offer a fully-equipped team of mobile technicians who provide service to the 5-state area. Contact us today at 800.582.5162, [solutions@jhfooster.com](mailto:solutions@jhfooster.com) or visit us at [jhfooster.com](http://jhfooster.com) to learn more about how you might benefit from knowing us.

### 2020 SECTION 179 EXAMPLE CALCULATION

<b>Equipment Purchases:</b>	<b>\$1,150,000</b>
<b>First Year Write Off:</b> ( $\$1,000,000 = \text{maximum in 2018}$ )	<b>\$1,040,000</b>
<b>100% Bonus First Year Depreciation:</b> (updated to 100% via Tax Cuts and Jobs Act)	<b>\$110,000</b>
<b>Normal First Year Depreciation:</b> (20% in each of 5 years on remaining amount)	<b>\$0</b>
<b>Total First Year Deduction:</b> ( $\$1,000,000 + 150,000 + 0$ )	<b>\$1,150,000</b>
<b>Cash Savings:</b> ( $\$1,150,000 \times 21\% \text{ corporate tax rate}$ )	<b>\$241,500</b>
<b>Equipment cost after Tax:</b> (assuming a 21% corporate tax bracket)	<b>\$908,500</b>