

# TAX DEDUCTION FOR EQUIPMENT IRS SECTION 179 AND BONUS DEPRECIATION

The Section 179 Tax Deduction is now a permanent part of our tax code. This allows businesses to deduct 80% of the purchase price of qualifying equipment purchased in the current tax year. For the 2023 tax year, the deduction limit was raised up to \$1,160,000 and qualifying equipment must be purchased and put into service between January 1, 2023 and December 31, 2023. In addition, bonus depreciation is allowed for amounts in excess of the Section 179 limit so that 80% of any new equipment purchases can be deducted in that tax year. Please contact your tax advisor to see if your business qualifies for the deduction.

## 2023 SECTION 179 EXAMPLE CALCULATION

<b>Equipment Purchases:</b>	<b>\$1,260,000</b>
<b>First Year Write Off:</b> (\$1,160,000 maximum in 2023)	<b>\$1,160,000</b>
<b>80% Bonus First Year Depreciation</b> (80% via Tax Cuts and Jobs Act)	<b>\$80,000</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> (\$1,160,000 + 80,000 + 0)	<b>\$1,240,000</b>
<b>Cash Savings:</b> (\$1,240,000 x 21% tax rate)	<b>\$260,400</b>
<hr/>	
<b>Equipment cost after Tax:</b> (assuming a 21% tax bracket)	<b>\$999,600</b>

## AT A GLANCE

- Section 179 encourages companies to invest in themselves by offering significant tax relief on qualifying equipment
- Bonus depreciation is available for both new and used equipment
- Qualifying equipment can be either financed or purchased in 2023
- Robotic solutions from the following suppliers may qualify for Section 179
  - Techman Robot
  - Kawasaki
  - Staubli
  - IAI



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.