

Gain Substantial Tax Benefits for 2010

Acquire your equipment now for significant tax benefits and lease financing flexibility.

Section 179

According to the new **Small Business Jobs Act of 2010**, passed on September 27, 2010, **Section 179 may allow you to deduct the entire value of your equipment purchased in 2010 and 2011.** The Section 179 allowance has been temporarily increased to \$500,000 for taxpayers with total capital investments of \$2 million or less. The increased allowance applies to units contracted for and put into service through December 31, 2011. The balance of equipment investment above \$500,000 may be eligible for Standard MACRS depreciation.

Example of \$25,000 write-off using the Section 179 Expense Allowance

Purchase Price	\$25,000
1 st Year Section 179 Expense	\$500,000
Total 1st year deduction	\$25,000
Potential 1 st year tax savings (company in 35% tax bracket)	\$8,750
After tax cost of equipment	\$16,250

Bonus Depreciation

You may also be able to reduce your taxable income by taking advantage of the recently extended 50% Bonus Depreciation allowance. New, qualifying equipment purchased during 2010, net of any Section 179 allowance, can be depreciated by 50% this year. In addition, MACRS depreciation can then be taken on the cost less the amount of the bonus depreciation.

Example of \$15,000 write-off using Bonus Depreciation & 5 Year MACRS Depreciation

Purchase Price	\$25,000
50% Bonus Depreciation (\$25,000 x 50%)	\$12,500
MACRS Depreciation (\$12,500 x 20%)	\$2,500
Total 1st year deduction	\$15,000
Potential 1 st year tax savings (company in 35% tax bracket)	\$5,250
After tax cost of equipment	\$19,750

Example of \$590,000 write-off using Section 179, Bonus Depreciation & 5 Year MACRS Depreciation*:

Purchase Price	\$650,000
1 st Year Depreciation Under Section 179 Expense	\$500,000
50% Bonus Depreciation (\$150,000 x 50%)	\$75,000
MACRS Depreciation (\$75,000 x 20%)	\$15,000
Total 1st year deduction	\$590,000
Potential 1 st year tax savings (company in 35% tax bracket)	\$206,500
After tax cost of equipment	\$443,500

*MACRS Depreciation Schedule based on \$100,000 cost of equipment

Year	Current MACRS	MACRS w/ Bonus*	Difference
1	20.0% or \$20,000	60.0% or \$60,000	+\$40,000
2	32.0% or \$32,000	16.0% or \$16,000	-\$16,000
3	19.2% or \$19,000	9.6% or \$9,600	-\$9,600
4	11.52% or \$11,520	5.8% or \$5,800	-\$5,720
5	11.52% or \$11,520	5.8% or \$5,800	-\$5,720
6	5.76% or \$5,760	2.8% or \$2,800	-\$2,960

*MACRS rates assuming 50% Bonus Depreciation was taken

How much will you save?

Contact your accountant or financial advisor today to find out more about the new tax law changes and specific benefits that you may receive when purchasing new equipment.

For more details contact your
**Manitowoc Finance Regional
 Sales Representative or call
 800.377.7262**