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NEWS

IRS Section 179 Tax Benefit

Lease or finance up to $250,000 in qualifying equipment and deduct the entire $250,000 from taxable income

BEAR, DELAWARE –DECEMBER 8, 2009 – Many distributors are unaware of IRS Section 179 and how it can impact their company's cash flow and tax credit. IRS guidelines have made it possible to lease or finance up to $250,000 in qualifying equipment and write the entire $250,000 off a company's 2009 tax bill.

About IRS Section 179

IRS Section 179 is an incentive for small businesses to invest in their companies by treating property as an expense rather than a capital expenditure. The incentive provides small business owners a valuable deduction on equipment purchased or leased within the tax year, including machinery, vehicles, computers, software, office furniture, and other tangible equipment. Up to $250,000 of qualifying equipment can be deducted from taxable income and a bonus depreciation of 50 percent on amounts that exceed the $250,000. Thus, route accounting systems can be deducted from taxable income if installed and put to use before year end.

Qualifications

IRS Section 179 is aimed towards profitable small to mid-sized businesses. As such, in order to qualify, the business must be making money, and purchase or finance less than $800,000 in equipment. Only qualifying equipment can qualify for the deduction (see list of qualifying equipment). In addition, qualified equipment must be placed and put to use before year end.

Rules

IRS Section 179 is restricted to businesses that purchase or lease less than $800,000 in capital equipment throughout the year. The total cost of equipment that may be expensed cannot exceed the total amount of taxable income. This incentive only applies to purchases put to use within the 2009 calendar year.

More information

For further information, contact your local tax advisor, or visit www.irs.gov.

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Route Accounting Corp.
PMB #206 – 299 Governor's Place
Bear, DE 19701
USA
www.routeaccounting.com