

Section 179

AN INCENTIVE TO HELP BUSINESSES
WITH NEEDED TAX RELIEF

TAMCO®

What is Section 179

The Section 179 deduction is an incentive created by the U.S. government to help mostly small businesses (large businesses benefit as well) with much needed tax relief and encourage them to buy equipment to invest in themselves.

It is a tax code that allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. If you acquire a qualifying equipment like a phone system, video, data, or other related IT equipment, you can deduct the FULL PURCHASE PRICE from your gross income.

How It Works

Traditionally without Section 179: When your business buys certain equipment, you would typically write it off a little at a time through depreciation.

Spend \$50,000 on a phone and data networking gear
Write off \$10,000 a year for five years

Under Section 179:

Write off all \$50,000 in the current tax year

Section 179 was created with the intention to be a catalyst for growth. If businesses could write off their equipment depreciation in one year instead of over many years, they could be more inclined to add additional equipment.

For more on Section 179, visit
www.section179.org

Section 179 - Important Information To Know Explained By A Finance Professional at TAMCO

Most customers realize that Section 179 allows them to take a depreciation deduction for the full cost of the technology equipment they acquire all in the first year of the acquisition. This is a great benefit in terms of the tax savings that the much larger deduction will create versus having to take smaller depreciation expense deductions that are spread over several years.

However, many customers do not realize that they do not have to actually pay for the equipment in full, upfront. They can have the benefit of a manageable monthly lease payment and still take the deduction on the full cost of the solution all in the year of acquisition even though they are going to be paying for it monthly over the next few years.

Smart customers will use a monthly payment to seize all of these benefits of section 179 - larger deduction, larger tax savings, preserve capital, and manage cash flow.

Other Ways To Pay

Section 179 is only applicable on capital expenses like a cash purchase or a \$1 buyout lease. There are operating expenditure options available. You can avoid depreciating assets on your balance sheet all together with a monthly payment option like TAMCO Shield. Learn about the options available to you.

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