

TR Financial LLC

Buy the Money Generating Machinery that you want and need & Keep more of your hard earned tax dollars!!!

Take advantage of the 2003 Tax Relief Act while you still can. This program has been extended through December 31, 2009 and you must place your capital equipment into service prior to the end of the year to benefit. The bottom line is **MORE DEPRECIATION = LESS TAXES = LOWER NET COST OF MACHINERY!**

Section 179: Any depreciable capital asset that you purchase and place into your business can be expensed using Section 179 asset expensing. Under this section of the tax code, you are allowed to deduct the cost of capital assets up to the current limit (which for the tax year 2003, 2004, 2005, 2006, 2007, 2008 & 2009 has been increased from \$128,000 to **\$250,000**). In order to qualify for Section 179 treatment, a) the asset's percentage of business use must exceed 50 percent, b) the asset expense must not exceed your business's net taxable income, and c) the total cost of the qualifying assets must not exceed **\$800,000** during the taxable year in question. Assets costing more than **\$800,000** are subject to reductions in allowable Section 179 deductions.

Special bonus depreciation allowance: A special 50 percent depreciation allowance is available for new capital assets acquired and placed into service after January 1, 2009. The 50 percent depreciation allowance is figured on the adjusted basis after taking any Section 179 deduction. The adjusted basis is then reduced by the 50 percent depreciation allowance before calculating the regular depreciation deduction for the first year and all subsequent tax years.

Here's how it works:

	<u>Work Sheet Totals</u>	<u>Example</u>
1. Purchase Price	_____	\$275,000
2. Less Section 179 Allowance*	<u>\$250,000</u>	\$250,000
3. Adjusted Cost (Line 1 minus Line 2)	_____	\$25,000
4. NEW Special 50% Depreciation	_____	\$12,500
5. Adjusted Cost for MACRS (Line 3 minus Line 4)	_____	\$12,500
6. 1 st Year MACRS Depreciation (Multiply Line 5 by 14.29%)	_____	\$ 1,786
7. Total 1 st Year Depreciation (Line 2 + Line 4 + Line 6)	_____	\$ 264,286
8. First year write off as % of Purchase (Divide Line 5 by Line 1)	_____	96.1%
9. Your Income Tax Rate (15%, 25%, 34% or 39% Tax Bracket)	_____	34%
10. Your first year Income Tax Savings (Multiply Line 5 by Line 7)	_____	\$ 89,857

* Section 179 is the total expense tax deduction allowed for this year regardless of the amount of equipment purchased. Consult a tax accountant to ensure these tax benefits apply. If the \$250,000 Section 179 Depreciation Allowance is greater than the total capital machinery purchased for the year, the price of the machinery purchased is the total amount to write off as 100% depreciation for that year. Multiply the purchase price by your company's income tax rate to realize your tax savings for the year. Estimated payment options are for illustration purposes only. Actual pricing may vary, either higher or lower, depending upon various economic indexes and strength of credit review.

CONTACT TR Financial, LLC @ 866-695-4730 FOR MORE DETAILS!

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