

## Receive a tax savings of up to 35% on GPS Equipment plus a 100% write-off

### You may be able to write off the your entire GPS tracking system purchase through the American Recovery and Reinvestment Act

Under the ARRA, the U.S. government extended the increased depreciation limits for Section 179 of the IRS tax code. This allows businesses to deduct the **full purchase price of qualifying equipment purchased or financed during the tax year**. This was put in place to encourage business growth in the U.S.

#### How Section 179 works:

When your business buys certain pieces of equipment, it typically gets to write them off a little at a time through depreciation. In other words, if your company spends \$50,000 on a vehicle, it gets to write off \$10,000 each year over five years. With Section 179, you can write off the entire amount this year.

#### Limits of Section 179 for 2009:

Total single equipment purchase must be less than \$250,000

Total equipment purchases for the deduction in 2009 must be less than \$800,000

*The deduction begins to phase out dollar for dollar after \$800,000.*

Businesses that exceed the \$250k deduction limit can take a bonus depreciation of 50% on the amount that exceeds the limit. And then also take normal depreciation on the rest.

#### Who Qualifies for Section 179?

All businesses that purchase or finance less than \$800,000 in business equipment should qualify for the Section 179 Deduction. In addition, most tangible goods qualify for the Section 179 Deduction. Also, to qualify for the Section 179 Deduction, the equipment purchased must be placed into service between **Jan. 1. 2009 and Dec. 31. 2009**.

<b>2009 Equipment Purchases:</b>	<b>\$ 400,000</b>
<b>First Year Write Off:</b> <small>(Under the new law, \$250,000 is the maximum Section 179 write-off in 2009)</small>	<b>\$ 250,000</b>
<b>Bonus First Year Depreciation:</b> <small>(On remaining value: \$400k-\$250k. \$150k x 50% = \$75k)</small>	<b>\$ 75,000</b>
<b>Normal First Year Depreciation:</b> <small>(Depreciation calculated at 5 years, meaning 20% per year. \$75k x 20% = \$15k)</small>	<b>\$ 15,000</b>
<b>Total First Year Deduction:</b> <small>(\$250k + \$75k + \$15k = \$340k)</small>	<b>\$ 340,000</b>
<b>Tax Savings:</b> <small>(Assume 35% tax rate. \$340k x .35 = \$119k)</small>	<b>\$ 119,000</b>
<b>Total Equipment Cost:</b> <small>(\$400k less all tax deductions of \$119k)</small>	<b>\$ 281,000</b>

*See the following graphic for an example of the savings that are available to you.*

***This information is only to be used as a guide to potential benefits and Field Technologies does not provide financial or tax advice. You should always consult with your accountant to determine your individual tax situation.***

**Information Source:**  
[section179.org](http://section179.org)



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