

## Net a Sizeable Tax Deduction with Year-end Technology Purchases

*Small businesses deduct the full value of computers and software purchased in 2015 up to \$25,000 using section 179*

Almost every small business needs PCs, servers, printers, network gear, data security hardware or software. Retailers in particular may require EMV compatible POS equipment this year in order to implement the new EMV chip card standards.

Fortunately, Section 179 of the tax code lets small businesses write off the entire cost of computer equipment and off-the-shelf software purchased and put in use before December 31, 2015.



### Small Business Technology Savings

Intended specifically for small businesses, the Section 179 deduction can have the effect of reducing the cost of technology purchased by as much as one third or more.

In addition, special offers may be available on particular items. **Contact eMazzanti sales for details: 1-866-EMAZZANTI.**

Examples of items that may qualify for the Section 179 deduction:

- EMV POS Chip Card Readers
- Servers, Server upgrades, Printers
- Routers, Network switches, Network security appliances
- Tablets, Smartphones, Workstations, Laptops
- Windows 10, Windows Server 2012, Microsoft Office, Microsoft Dynamics
- Other off-the-shelf software

Purchases made throughout the year qualify for the deduction. There are limits and conditions but most equipment, new or used, qualifies. Here is some useful information pulled from the [section179.org](http://section179.org) website:

**2015 Deduction Limit = \$25,000**

This deduction is good on new and used equipment, as well as off-the-shelf software. This limit is only good for 2015, and the equipment must be financed/purchased and put into service by the end of the day, 12/31/2015.

## **2015 Spending Cap on equipment purchases = \$200,000**

This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced on a dollar for dollar basis. This spending cap makes Section 179 a true "small business tax incentive".

## **Bonus Depreciation: not available in 2015**

In prior years, Bonus Depreciation would be taken after the Section 179 Spending Cap is reached. Note: Bonus Depreciation was available for new equipment only; in 2015, Bonus Depreciation is not available at all.

## **Section 179 Explained**

Most people think the Section 179 deduction is some mysterious or complicated tax code. It really isn't, as you will see below.

Essentially, Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that if you buy (or lease) a piece of qualifying equipment, you can deduct the FULL PURCHASE PRICE from your gross income. It's an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves.

Today, Section 179 is one of the few incentives included in any of the recent Stimulus Bills that actually helps small businesses. Although large businesses also benefit from Section 179, the original target of this legislation was much needed tax relief for small businesses - and millions of small businesses are actually taking action and getting real benefits.

## **Section 179 works like this:**

When your business buys certain items 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 machine, it gets to write off (say) \$10,000 a year for five years (these numbers are only meant to give you an example).

Now, while it's true that this is better than no write-off at all, most business owners would really prefer to write off the entire equipment purchase price for the year they buy it.

In fact, if a business could write off the entire amount, they might add more equipment this year instead of waiting over the next few years. That's the whole purpose behind Section 179 - to motivate the American economy (and your business) to move in a positive direction. For most small businesses, the entire cost can be written-off on the 2015 tax return (up to \$25,000).

## **Who Qualifies for Section 179?**

All businesses that purchase, finance, and/or lease less than \$200,000 in new or used business equipment during tax year 2015 should qualify for the Section 179 Deduction.



Many people find that, if they lease or finance their Section 179 qualified equipment, the tax savings actually exceed the first year's payments on the equipment (making buying equipment profitable for the current tax year). This is perfectly legal, and a good example of the incentive that Section 179 provides small and medium businesses.

## Act Now

Section 179 can change each year without notice so it benefits you to take advantage of this generous tax code while it's available. Section 179 offers small businesses a great opportunity to maximize purchasing power.

Most of the equipment your business will purchase, finance or lease qualifies for the deduction so make sure you do your homework to verify that your company is leveraging the Section 179 Deduction this year. [Contact eMazzanti Technologies](#) today!

