

Here is an updated example of Section 179 at work during the 2018 tax year.

2018 Section 179

Example Calculation

Equipment Purchases: \$ 1,150,000

First Year Write Off: \$ 1,000,000
($\$1,000,000 = \text{maximum in 2018}$)

100% Bonus First Year Depreciation: \$ 150,000
(updated to 100% via 'Tax Cuts and Jobs Act')

Normal First Year Depreciation: \$ 0
(20% in each of 5yrs on remaining amount)

Total First Year Deduction: \$ 1,150,000
($\$1,000,000 + 150,000 + 0$)

Cash Savings: \$ 402,500
($\$1,150,000 \times 35\% \text{ tax rate}$)

Equipment cost after Tax: \$ 747,500
(assuming a 35% tax bracket)



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Your CPA-Tax Advisor for your computation recommended.