

## Create Your Own Tax Break for 2017

The Protecting Americans from Tax Hikes Act of 2015 provides businesses with additional tax benefits through December 31, 2019.

- Under Section 179, businesses spending less than \$2,000,000 a year on qualified equipment may write off up to \$500,000 up front. This write-off is now permanent, and retroactive to 2015.
- 50% Bonus Depreciation on qualified equipment acquired and placed in service from January 1, 2015 through December 31, 2017. This falls to 40% in 2018 and 30% in 2019.
- The \$500,000 deduction phases out when a business purchases more than \$2,000,000 in one year.
- Companies cannot write off more than their taxable income.
- The equipment must be placed in service by the end of the tax year.

Cost of equipment	\$600,000
1 <sup>st</sup> year write-offs	
• Section 179	\$500,000
• 50% Bonus Depreciation <sup>1</sup>	\$50,000
• Normal 1 <sup>st</sup> year depreciation <sup>2</sup>	\$10,000
Total deduction in 1 <sup>st</sup> year	\$560,000
Marginal tax rate assumed 35% <sup>3</sup>	\$196,000
Bottom line equipment cost after tax savings	\$404,000

In this example your tax savings equates to an increased cash flow in the amount of \$196,000.

- 1) For qualified equipment acquired and in place by December 31, 2017.
- 2) 20% Depreciation based on a five-year asset life [ $\$600,000 - \$500,000$  (Section 179 write-off) -  $\$50,000$  (50% Bonus Depreciation)] x 20% yearly depreciation.
- 3) Tax savings are assuming a 35% tax bracket.

### What does this mean for businesses?

- Our capital leases help businesses take advantage of the tax benefits (above) by extending payments out as long as 5 years.
- Tax Savings could be greater than the amount paid in the first year of a capital lease.

### About Us

American Packaging Capital, Inc. is the largest equipment finance company in America focused solely on the packaging and processing equipment industries. To learn more about us, visit our website at [www.myampac.com](http://www.myampac.com).

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