

# Maximize your tax benefits on equipment purchases.\*\*

## IRS section 179 tax allowance\*\*

The Economic Stimulus Act of 2008 increased first-year write-offs of equipment from \$128,000 up to \$250,000 for 2008. Section 179 allows businesses to take a deduction for the cost of qualifying equipment and certain software purchases immediately, instead of depreciating it over a period of several years. The amount of qualifying purchases that may be placed in service after December 31, 2007, and before December 31, 2009 increased to \$800,000 in 2008. This represents the maximum amount a doctor can purchase each year, before he or she begins to lose the ability to claim this deduction. The allowable deduction will revert back to \$25,000 beginning in 2011.

### Normal Depreciation

Under the IRS depreciation rules (MACRS, 5-year life, 200% declining balance), 20% of the cost of equipment may be deducted the first year the equipment is placed in service.

## How does it work?

Any equipment you purchase will have an immediate tax write off up to \$250,000 the first year.\*\*

Dental Equipment Purchased	\$ 300,000
1st year write off Section 179	\$ 250,000
Normal First Year Depreciation (20%)	\$ 10,000
Total Deduction 1st Year	\$ 260,000
<u>Marginal Tax Rate</u>	<u>35%</u>
Tax Savings	\$ 91,000

## Want to know more?

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# Calculate your potential savings with the IRS Section 179 allowance.\*\*

Use this chart to find out how purchasing new equipment and qualified leasehold improvements could save you money.\*\*

Cost of Equipment	Section 179 Allowance	New Equipment Costs (after 179)	Total Savings After Section 179	Normal Depreciation**
5,000	5,000	3,250	1,750	0
10,000	10,000	6,500	3,500	0
15,000	15,000	9,750	5,250	0
20,000	20,000	13,000	7,000	0
25,000	25,000	16,250	8,750	0
30,000	30,000	19,500	10,500	0
35,000	35,000	22,750	12,250	0
40,000	40,000	26,000	14,000	0
45,000	45,000	29,250	15,750	0
50,000	50,000	32,500	17,500	0
55,000	55,000	35,750	19,250	0
60,000	60,000	39,000	21,000	0
65,000	65,000	42,250	22,750	0
70,000	70,000	45,500	24,500	0
75,000	75,000	48,750	26,250	0
80,000	80,000	52,000	28,000	0
85,000	85,000	55,250	29,750	0
90,000	90,000	58,500	31,500	0
95,000	95,000	61,750	33,250	0
100,000	100,000	65,000	35,000	0
105,000	105,000	68,250	36,750	0
110,000	110,000	71,500	38,500	0
115,000	115,000	74,750	40,250	0
120,000	120,000	78,000	42,000	0
125,000	125,000	81,250	43,750	0
130,000	130,000	84,500	45,500	0
135,000	135,000	87,750	47,250	0
140,000	140,000	91,000	49,000	0
145,000	145,000	94,250	50,750	0
150,000	150,000	97,500	52,500	0
160,000	160,000	104,000	56,000	0
170,000	170,000	110,500	59,500	0
180,000	180,000	117,000	63,000	0
190,000	190,000	123,500	66,500	0
200,000	200,000	130,000	70,000	0
210,000	210,000	136,500	73,500	0
220,000	220,000	143,000	77,000	0
230,000	230,000	149,500	80,500	0
240,000	240,000	156,000	84,000	0
250,000	250,000	162,500	87,500	0
260,000	250,000	171,800	88,200	2,000
270,000	250,000	181,100	88,900	4,000
280,000	250,000	190,400	89,600	6,000
290,000	250,000	199,700	90,300	8,000
300,000	250,000	209,000	91,000	10,000

\* Bank of America may prohibit use of a practice finance account to pay off or pay down another Bank of America account. All programs are subject to credit approval and loan amounts are subject to creditworthiness. Some restrictions may apply.

\*\* Some restrictions on purchase amounts may apply. The above are possible tax scenarios and do not alter, change or modify any other depreciation allowances available to you under applicable law. Depreciation allowances under Section 179 and other provisions of the Internal Revenue Code are available to you, regardless of whether you obtain financing from us. These are estimates only. You should consult with your tax advisor for your actual tax benefits. These examples do not include any Bonus Depreciation, as defined by the Economic Stimulus Act of 2008. Thus, the tax savings illustrated may be understated for qualifying asset purchases exceeding \$250,000. Please consult your tax advisor.

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