SERPA

Integrated packaging line solutions

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Create Your Own Tax Break for 2018 and Beyond

The Tax Cuts and Jobs Act of 2017 provides businesses with additional tax benefits for 2018 and beyond.

- Under Section 179, businesses spending less than $2,500,000 a year on qualified equipment may write off up to $1,000,000 up front.
- 100% Bonus Depreciation on qualified equipment acquired and placed in service from September 27, 2017 through December 31, 2022. It falls to 80% in 2023, 60% in 2024, 40% in 2025, 20% in 2026, and expires in 2027.
- The $1,000,000 deduction from Section 179 phases out when a business purchases more than $2,500,000 in one year.
- Companies cannot write off more than their taxable income.

Cost of equipment	$1,500,000.00
1st year write-offs	
• Section 179	$1,000,000.00
• 100% Bonus Depreciation	$500,000.00
Total deduction in 1st year	$1,500,000.00
Marginal tax rate assumed 21%[1]	$315,000.00
Bottom line equipment cost after tax savings	$1,185,000.00

In this example, your after tax savings equate to an increased cash flow in the amount of $315,000.00.

1) Tax savings are assuming a 21% tax bracket.

What does this mean for businesses?

- Capital leases from American Packaging Capital 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.

Click here to learn more about solutions from Serpa.

Note: Consult with your tax advisors for a clear understanding of how these tax benefits and/or various equipment financing products could impact your specific business.