



Tax Benefits on equipment

Purchase Equipment in 2020 Using Your Section 179 Tax Benefit

Section 179 Allowance:

Any new or used equipment purchased in 2020 can be deducted in full (up to a total of \$1,040,000) in year 1 if the total amount of applicable assets purchased does not exceed \$2,590,000. Once the \$2,590,000 (cost) threshold is surpassed, the Section 179 allowable deduction (\$1,040,000) will begin to be phased out and will be totally phased out at \$3,630,000 (cost) of current year additions. The increased allowance applies to units contracted for and put into service through December 31, 2020. The balance of equipment investment above \$2,590,000 is eligible for Standard MACRS depreciation.

Bonus Depreciation:

The applicable bonus depreciation percentage will now be 100% for property placed in service during 2020. Bonus depreciation applies to new and used equipment.

Example of a lift truck purchase of \$25,000

| | |
|---|-----------------|
| Purchase Price | \$25,000 |
| 1st year Section 179 allowance | \$1,040,000 |
| Total 1st year deduction | \$25,000 |
| Potential 1st year tax savings (21% tax bracket) | \$5,250 |
| After tax cost of equipment | \$19,750 |

*Please consult your own tax advisor regarding the application of the tax laws to your specific situation.



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