

Don't wait: Economic Stimulus incentives are now available from the IRS in 2009.



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Sample Case Studies

Expanded Section 179 Expenses

1. A qualifying small business acquires and places in service qualified property that costs \$250,000.

In 2009, the business can deduct the full (100%) cost of the assets: \$250K.

2. A qualifying small business acquires and places in service qualified property that costs \$500,000.

In 2009, because the total of capital expenditures was less than the \$800K max, the business can deduct the first \$250K (per Section 179) and also use the 50% Bonus Depreciation, along with the scheduled depreciation, on the remaining balance.

Assuming a 5-year schedule, this adds up to a \$400K first year deduction, as follows:

\$250K (Sec 179)
\$125K (50% of add'l \$250K)
\$25K (20% of last \$125K)

A first year deduction of 80% of the cost of the assets!

Bonus 50% Accelerated Depreciation

A qualifying business acquires and places in service qualified property that costs \$1,000,000.

In 2009 the business is allowed a first year bonus depreciation of \$500K. The remaining \$500K balance is depreciated over the standard depreciation schedule for the equipment, including 2009.

Assuming a 5-year schedule, the business would be allowed to recover 20% of the remaining \$500K, or \$100K, in 2009.

The total 2009 deduction would be \$600K (\$500K + \$100K), or 60% of the cost of the assets!

This is an incredible deal that can add thousands of dollars to your cash flow. EXTENDED: These 2008 incentives are now available through 2009 as well.

The US Economic Stimulus Act of 2008/2009 includes two significant business related tax incentives that may lower your cost of investing in new Cold Jet dry ice blast cleaning or dry ice production equipment.

- 1) Expanded (Section 179) Expenses for Small Businesses:
The first year expensing limit on capital equipment purchases for small businesses has been increased from \$128K to \$250K for tax year 2009.
- 2) Accelerated Depreciation for All Businesses:
The 50% bonus expensing allowance (also known as "bonus" provision or accelerated depreciation) has been reinstated for 2009.

Expanded Section 179 Expenses for Small Business

In 2008/9, small businesses can expense \$250K of capital equipment purchases in the first year. That's up from \$128K in 2007... helping your company manage its cash by avoiding the tax on an additional \$122K (that's a \$42.7K savings at a 35% tax rate)!

- You can qualify to claim this expense if you purchase less than \$800K of capital assets during your 2009 fiscal year.
- If you meet these criteria, you can expense \$250K of your capital investment in the first year, and also take advantage of the "Accelerated Depreciation for All Business" for the amount between \$250K and the \$800K maximum.
- This is effective on capital equipment purchased and put into service during your business's 2009 tax year (dates are based on your fiscal year).

Bonus 50% Accelerated Depreciation for All Business

In 2009, all businesses can expense 50% of capital equipment purchases in the first year.



- All companies, regardless of the size of their capital investment, may qualify for this deduction.
- You can expense 50% of your capital investment in the first year, and depreciate the remaining balance under regular depreciation rules (the 50% bonus depreciation is taken first, which reduces the remaining depreciation of the property).
- This is effective on capital equipment purchased and put into service between December 31, 2008 and January 1, 2010.

See more details of the Economic Stimulus Act of 2008 at:

- <http://www.larsonallen.com/eFlash/BusinessIncentivesStimulusAct.asp>

This flyer does not constitute tax, legal, or other advice from Cold Jet, LLC, which assumes no responsibility with respect to assessing or advising you as to tax, legal or other consequences arising from your particular situation. Contact your tax professional to see how the Economic Stimulus Act applies to you.