



## **2008 Economic Stimulus: Business Tax Benefits**

Great news for American businesses with the Federal Government's economic stimulus package which allows generous tax breaks for equipment investments in 2008.

In addition to providing stimulus payments to individuals, the Economic Stimulus Act of 2008 provides incentives to businesses. These incentives include a special 50-percent depreciation allowance for 2008 purchases and an increase in the small business expensing limitation for tax years beginning in 2008.

### **50-Percent Special Depreciation Allowance**

Depreciation is an income tax deduction that allows a taxpayer to recover the cost or other basis of certain property over several years. It is an annual allowance for the wear and tear, deterioration or obsolescence of the property.

Under the new law, a taxpayer is entitled to depreciate 50 percent of the adjusted basis of certain qualified property during the year that the property is placed in service. It gives companies a 50 percent bonus deduction on new equipment that would normally be depreciated over many years. And it increases — to \$250,000 from \$128,000 in 2008 — the limit on expenses that small businesses can deduct from annual income, with a total cap of \$800,000. This is similar to the special depreciation allowance was previously available for certain property placed in service generally before Jan. 1, 2005, often referred to as "bonus depreciation." To qualify for the 50 percent special depreciation allowance under the new law, the property must be placed in service after Dec. 31, 2007, but generally before Jan. 1, 2009.

Purchase an American made ShopSabre CNC and keep those stimulus dollars working hard by circulating them in the U.S. economy.

\* Check with your tax advisor to see how these changes may affect your business.