

WHAT EVERY EXECUTIVE MUST KNOW ABOUT THE IRS SECTION 179

Section 179 of the 2011 IRS Tax Code gives organizations a windfall for purchasing, financing, or leasing equipment and off-the-shelf software. Don't miss out on your share!

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*Ending 2011 Well
Positioning 2012 for
a FAST Start!*

A Letter from the Author:

Read this brief report to learn about a little known IRS Rule for 2011 that can save you \$1,000s while positioning your organization for a jump start in 2012



From The Desk of: Ed Becker, President
BeckITSystems, Inc.

Dear Colleague,

Undoubtedly you have heard something about the Economic Stimulus Act of 2008. **Yet, despite all the hype, you may be unaware that there huge savings available to you in 2011 - and it applies to all equipment and software purchased in 2011, not just computer components - but you must put your purchases into service before the end of the tax year.**

That's why we wanted to get this information to you before the end of 2011. While we are not accountants, you can see most of this information on the IRS site, IRS.GOV. Be sure to consult with your accountant about this to be sure you have an accurate picture of what this rule can mean to your organization and its 2011 tax liability. ®

Effectively executed, Section 179 will mean big savings on purchases you have needed but waited on all year. **In some cases, you may even receive deductions that actually exceed the total loan or lease payments you make for the year. Check with your tax advisor or accountant to learn more.**

Many organizations have struggled through the year with slow computers and outdated software, needing to update the technology, but afraid to make the capital expenditures earlier in the year. Now is the time to take advantage of this program. There is no certainty that this tax break will be renewed in 2012, so NOW is the time!

Dedicated To **YOUR** Success!

Ed Becker, President

BeckITSystems, Inc. home of *Your Cloud Pilots*®

P.S. Due to the floods and earthquakes this year in the Pacific Rim, the supply of computers is already slowing by 30%. Contact BeckITSystems for computer equipment and software quotes toady, before it is too late. Just fax in the form at the end of this briefing document.



Section 179 introduction

What is section 179?

The IRS tax code permits businesses in the current tax year to deduct the full purchase price of purchased, financed, or leased equipment, and off-the-shelf software. You must purchase the products and place them into service before December 31, 2011.

Can I lease or finance products and take the section 179 deduction? [®]

Yes. With a non-tax capital lease, you can acquire and write off up to \$500,000 worth of equipment this year without actually spending \$500,000 this year. A business that is managing cash flow can leverage a non-tax capital lease and still take the Section 179 Deduction. Examples of nontax capital leases include a dollar buyout lease, among others. In many cases the amount you save in taxes will be more than the total of your first year's payments.

Equipment financing.

You can obtain an equipment loan under an equipment financing agreement (EFA), and still receive the Section 179 Deduction.

How do I know if the property I want to purchase qualifies for the section 179 deduction?

I remember that your equipment must be put into service by December 31, 2011. Generally the equipment that is included in section 179 should meet the following requirements:

- Equipment purchased for business use
- Tangible personal property used in business
- Business Vehicles with a gross vehicle weight in excess of 6,000 lbs.

- Computers
- Computer software ("Off-the-Shelf" Software)
- Office furniture
- Office equipment
- Property attached to your building that is not a structural component of the building, i.e.: a printing press, large manufacturing tools and equipment.
- Partial business use (equipment that is purchased for business use and personal use - generally, your deduction will be based on the percentage of time you use the equipment for business purposes).

Be sure to check with your accountant before making large purchases.

Vehicles and section 179.

There are a number of qualifications you need to meet. Each has a different tax treatment.

CHECK WITH YOUR ACCOUNTANT OR TAX ADVISOR FOR DETAILS AND BEFORE MAKING ANY PURCHASES.

You can get additional information by reading the instructions for form 2106 available on the IRS website.

For passenger vehicles, trucks and vans use more than 50% for your business; the IRS limits your deduction to \$11,060 for cars, trucks and vans. SUVs and other vehicles weighing more than 6000 pounds and less than 14,000 pounds may qualify for expensing up to \$25,000 when the vehicle is financed and put into service before the end of the tax year.

Off-the-shelf software.

Any off-the-shelf commercial software that has no custom design or alteration and is sold to the general public, qualifies for the section 179 deduction.

Qualified software will need to conform to these specifications:

1. The software must be financed or purchased outright by you.
2. The software must be used in your business or income-producing activity.
3. The software must have a finite useful life.
4. The software must be expected to last more than one year.
5. The software must be available to the general public.
6. The software must have a non-exclusive license.
7. The software must not have been customized.

Does it matter how much I purchase in one year?

Yes. For 2011, you may not exceed \$2 million of purchased or leased equipment. Check with your tax advisor or accountant before making any purchases.

Does the date of my purchase affect my deduction?

Yes. To qualify for the deduction, all purchases must be made in 2011 and put into service in the tax year 2011. Check with your tax advisor or accountant for more details.

How can I calculate the potential savings my deductions will provide?

You should check with your accountant on this question. Here is an example:

If you purchase equipment for \$10,000, assuming you are in the 35% tax bracket, your cash savings will be \$3,500. Effectively this makes your \$10,000 purchase cost \$6,500.

How do I claim the section 179 deduction?

You need to check with your accountant to answer this question fully. The IRS form 4562 will need to be completed by your tax preparer.

Closing notice.

This information is believed to be accurate. BeckITSystems is not an accounting firm and does not offer this as financial or accounting advice. The document is provided for educational purposes only. Before taking action on any of the information in this educational document, be sure to consult with your tax advisor or accountant.

To receive your quote for computers or software, complete the form that follows and fax it to BeckITSystems, at 571.287.2530.

BeckITSystems[®]
Inc.

“Yes! I Want to Make Sure My Organization benefits from IRS Section 179 in 2011. Please contact me with quotes for the computers and software below.”

Please send me a quote for the computers and software below

Please call me to help me know what products to request

Please Complete And Fax Back:

Name: _____

Title: _____

Company: _____

Address: _____

City: _____ ST: _____ Zip: _____

Phone: _____ Cell Phone: _____ Fax: _____

E-mail: _____

Number of PCs: _____

Number of Servers: _____

Software Requested: _____

Other: _____

Fax To: 571.287.2530