

Create Your Own Tax Break

The Small Business Jobs and Credit Act of 2010 provides businesses with additional tax benefits through December 31, 2011.

- Under Section 179, businesses spending less than \$2,000,000 a year on qualified equipment may write off up to \$500,000 in 2010 and 2011.
- 50% Bonus Depreciation reinstated through December 31, 2010.
- The \$500,000 deduction phases out when a business purchases more than \$2,000,000 in one year.
- Companies cannot write off more than their taxable income.
- Your new equipment must be placed in service by December 31, 2010 to qualify for the 50% Bonus Depreciation, if applicable.

Consider the following finance lease example that illustrates potential tax benefits for your business:

Cost of equipment	\$600,000
1st year write-offs	
• Section 179	\$500,000
• 50% Bonus Depreciation	\$50,000
• Normal 1st year depreciation ¹	\$10,000
Total deduction in 1st year	\$560,000
Marginal tax rate assumed 35% ²	\$196,000
Bottom line equipment cost after tax savings	\$404,000

In this example your tax savings equates to an increased cash flow in the amount of \$196,000.

¹ 20% Depreciation based on a five-year asset life
[\$600,000 - \$500,000 (Section 179 write-off) - \$50,000 (50% Bonus Depreciation)] x 20% yearly depreciation

² Tax savings are assuming a 35% tax bracket.

Equipment financing can help your business to take advantage of this tax benefit. Even if your business is unable to take advantage of the Small Business Jobs and Credit Act of 2010, we offer financing products to help you acquire the equipment you need.

About Us

American Packaging Capital, Inc. is the largest equipment finance company in America focused solely on the packaging and processing equipment industries. Our dedication and understanding of these industries have earned us the title of “Official Leasing Partner” of both Packaging Machinery Manufacturers Institute and Food Processors Suppliers Association. To learn more about us, visit our website at www.myampac.com.

Contact Us

If you have any questions, please feel free to call American Packaging Capital, Inc. 8am – 5pm PST at 888-MY-AMPAC (888-692-6722). Our equipment finance specialists will be happy to assist you.

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