

*Be sure to contact your CPA to determine exactly how the provision and implementation of the **Economic Stimulus Act of 2008** applies to your business!*

Below are tools that may prove useful in furthering your understanding and application of the new legislation:

- The SBA has formulated a depreciation calculator that provides examples of the first year depreciation for eligible assets purchased in 2008 under the new legislation. Visit <http://sba.gov/stimulus/>
- The SBA provides a brief presentation on their Web site that gives an overview of the tax incentives available as a result of the Economic Stimulus Act of 2008. Visit <http://sba.gov/stimulus/>
- Refer to the Internal Revenue Service Web site for more information on the new tax provisions for businesses. <http://www.irs.gov/newsroom/article/0,,id=179227,00.html>

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Economic Stimulus Act of 2008: How it Impacts Small Business



2075-380

■ Economic Stimulus Act of 2008 Benefits Small Businesses!

BENEFIT

The tax rebate payments to individuals will increase consumer spending, which will inevitably flow to small businesses.

BENEFIT

Enhanced section 179 expensing will allow businesses to deduct a greater amount of their investments in business property during 2008.

Expense (the 179 deduction) up to \$250,000 in property purchased in your tax year that starts in 2008 and save on your taxes!

- For your tax year that begins in 2008, you may be able to expense up to \$250,000 for property. This almost doubles the previous limit of \$128,000, but is only available for your 2008 tax year!

- Property that often qualifies includes machinery, refrigerators, grocery store counters, office equipment, printing presses, computers, off-the-shelf computer software, signs, gasoline storage tanks and pumps at retail service stations, single purpose agricultural or horticultural structure, and livestock (horses, cattle, hogs, sheep, goats and other fur-bearing animals). Most passenger automobiles and other property used for transportation are also eligible for 179 deductions. Also, the section 179 deduction for the cost of any sport utility vehicle with a gross vehicle weight of more than 6,000 pounds and not more than 14,000 pounds is limited to \$25,000.

BENEFIT

Incentive for small businesses to add capital investments by offering 50% bonus depreciation on 2008 purchases of qualifying assets in addition to the regular depreciation allowed.

Write it off faster with two deductions and save on your taxes!

- **First Deduction:** For property acquired, placed and kept in service in calendar year 2008, you may be able to write off 50% of what you paid for it (a special depreciation allowance).

- **Second Deduction:** In addition to the 50% write-off, you can take a write-off of the normal first year depreciation on the remaining 50% of what you paid for the property.
- Examples of eligible property are off-the-shelf computer software, qualified leasehold improvement property, and tangible property with a recovery period of 20 years or less, which includes cell phones, tractor units for over-the-road use, computers, computer peripheral equipment, office furniture and fixtures, and farm buildings.
- For passenger automobiles, vans and trucks depreciation limits are increased by \$8,000 as follows:
 - Depreciation limits for passenger automobiles go from \$2,960 to \$10,960.
 - Depreciation limits for vans and trucks (with a gross vehicle weight of 6,000 pounds or less) go from \$3,160 to \$11,160.

BENEFIT

This new legislation will not only benefit our nation's small businesses in a wide variety of ways, but it will also stimulate economic growth and create more jobs!