



Largest U.S. Tax Incentives Ever

For Small businesses that acquire equipment and technology by 12/31/2004

USE TAX SAVINGS TO MAKE YOUR PAYMENTS

First years tax savings could exceed first year's equipment payments! Capital Equipment Leases including those structured with a \$1.00 purchase option qualify for the Federal Section 179 Deduction and the special **50% Bonus Depreciation**. Companies may also be eligible for additional state and local tax deductions plus interest deductions. Companies purchasing equipment before the end of this year may have their first year's payments covered by the special Section 179 tax savings.

\$100,000 WRITE-OFF

Section 179 Federal Income Tax Deduction was increased for 2004. This deduction allows a company to deduct the first \$100,000 of equipment (Section 179 Property) purchased in 2004 from their taxable income. For companies purchasing (or leasing - with a Capitalized Lease) up to \$410,000 of equipment in 2004 this deduction is available in full. It then phases out on a dollar for dollar basis between \$410,000 and \$512,000 and it is not available for companies purchasing over \$512,000 of equipment in 2004. However, companies can finance purchases over \$410,000 with an operating lease and may still be able to claim this deduction.

IMPORTANT TAX SAVING TO EXPIRE DECEMBER 31, 2004

The **50% Bonus Depreciation allowance** requires equipment to be placed in service for use in your trade or business for the production of income before January 1, 2005. This deduction allows an additional 50% first-year depreciation on the adjusted basis of qualified new equipment.

STANDARD DEPRECIATION

Additionally, companies can take their standard depreciation deductions on the adjusted basis of qualified equipment. Manufacturing and Production Equipment are typically depreciated over 7 years.

EXAMPLE: \$175,000 MACHINE

Section 179 Deduction	\$100,000	A manufacturing company acquires a new machine for \$175,000 and is eligible for the \$100,000 Federal Section 179 write-off plus 50% Bonus Depreciation plus standard depreciation. Under the current law the company may write off \$142,859 the first year - over 80% of the machine cost!
50% Special Depreciation Allowance (\$175,000 - \$100,000) = \$75,000 x 50%	\$37,500	
Standard Depreciation (14.29% yr. 1) (\$175,000 - \$100,000 - \$37,500) x 14.29%	\$5,359	
TOTAL FIRST YEAR!	\$142,859	

Depending on your tax bracket, these savings could exceed the first year's lease payments.

\$1.00 Buy-Out Leases Qualify!

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