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[Smart Year-End Business Tax Moves](#)

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Uncle Sam wants you to spend as much money as you can on your business. In fact, the IRS is content with taking less of your money and instead helping to spur economic recovery. Let's see how the federal government is helping out businesses.

Tax Incentives

- **Up to \$250,000 of Tax Business Deductions for 2009.** Under Section 179, your business can deduct up to \$250,000 when you spend on most NEW and USED items of business equipment and software. The list includes: computer systems, office furniture, and machinery. You should put such items into business use by December 31, 2009, regardless of whether your business has a different business calendar for tax purposes.
- **Take Advantage of 50% of First-Year Bonus Depreciation.** Your business could deduct 50% of certain items and real estate improvements in 2009. The CAVEAT is such items MUST be NEW not used. List of qualifying business expenses include: New Real-Estate Land Improvements (sidewalks, drainage systems), software and equipment. The good news is 50% deduction is also available, for a qualifying new asset, after the \$250,000 deduction explained above. Any costs remaining after the \$250,000 and 50% first-year bonus deduction are computed under normal tax depreciation rules.
- **Example:** By December 31, 2009, your business buys equipment in total of \$400,000. First, Section 179 allows you to deduct \$250,000. Then, under the first-year bonus deduction, take off another \$75,000 $[(\$400,000 - \$250,000) \times .5 = \$75,000]$. Then under normal depreciation rules, you deduct another \$15,000 $[(\$400,000 - \$250,000 - \$75,000) \times .2 = \$15,000]$. Thus, your first-year depreciation deductions add up to \$365,000.

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