

# Buy a truck, save on taxes!

The end of the year is a stressful time for business owners. Conducting day to day operations while assessing what needs the company will face in the upcoming year can create a whirlwind of information flowing through decision makers' minds. Luckily, the U.S. government implemented a savings promotion, **Section 179 of IRS tax code**, to allow businesses to buy equipment and invest in themselves year over year. Section 179 of the IRS tax code is an incentive available to anyone [purchasing or leasing a new truck](#) before the end of the tax year. It allows businesses to **deduct the full purchase price** of qualifying equipment purchased or financed during the tax year. In years past, businesses typically wrote off the cost a little at a time through depreciation. Being able to write off the whole purchase has made a big difference for many companies and the overall economy as businesses use **Section 179 to purchase needed equipment** the same year, instead of waiting.

While there are many benefits to Section 179, it is important to know the limitations of the incentive. There is a \$1,000,000 cap to the total amount permitted to be written off in 2018. The total amount of the equipment purchased must also fall below \$2,500,000 in 2018. According to the IRS, "the Section 179 deduction begins to phase out on a dollar-for-dollar basis after \$2,500,000 is spent by a given business (thus, the entire deduction goes away once \$3,500,000 in purchases is reached), so this makes it a true small and medium-sized business deduction." All businesses that purchase, finance, and/or lease new or used equipment during the tax year for official purposes qualify for the Section 179 deduction as long as they spend less than \$3,500,000. In order to receive this deduction for the 2018 taxable year, all equipment must be purchased and put into use between **January 1, 2018 and December 31, 2018**. Most tangible goods that are used by companies qualify for the deduction. This includes parts and business-use vehicles. Equipment and business vehicles with a gross weight greater than 6,000 lbs are all examples of qualifying deductible equipment.

## Example:

		2018 Tax Year
★ <b>Section 179</b> ★	Total Depreciation (% of purchase price)	100.00%
	Section 179 Overall Limit	\$1,000,000.00
	Bonus Depreciation	100.00%
	Additional 280f Depreciation (first year depreciation)	N/A
	Qualifying Vehicles	Both New & Used
	Sales Price	\$80,000.00
	Tax Bracket Sample	32%
	Bonus Depreciation 2018 - 100% Of Amount Remaining	\$54,400.00
	Total Depreciation	\$80,000.00

*\*The graph is an illustration only and presents a potential tax scenario based on typical assumptions that may not apply to your business. This is not tax advice. The indicated tax treatment applies only to transactions deemed to reflect a purchase of the equipment or a capitalized lease purchase transaction. Jordan Truck Sales makes no representations or warranties concerning the accuracy of the information contained within. Please consult your tax advisor to determine the tax ramifications of acquiring equipment or software for your business.*



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