



Here's How

2008 Economic Stimulus Act Benefits to businesses.....increase in sales for you

Under the 2008 Economic Stimulus Act, your customers may be able to take advantage of the enhanced Section 179 depreciation and the first year bonus depreciation of 50% for qualifying equipment, placed in service after 12/31/07 but before 1/1/09. This new law provides incentives for your customers to purchase the equipment they need NOW and receive potential tax benefits in 2008.

Bonus Depreciation

The Stimulus Act provides for a first year bonus depreciation deduction on qualifying capital expenses up to 50% for new equipment ordered on or after 12/31/07 and placed in service before 12/31/2008. The bonus depreciation accelerates the expense in the year of equipment purchase, which can help cash flow by potentially reducing the outlay of tax dollars in the year of the purchase. The list of qualifying equipment is extensive and includes the majority of equipment that is commonly financed.

Section 179 Depreciation

The Stimulus Act also gives business owners the opportunity to increase business expense for equipment purchases. The Section 179 expense allowance increased from \$128,000 in 2007 to \$250,000 in 2008 for taxpayers with total capital investments of \$800,000 or less. This increase is effective for equipment placed in service in calendar year 2008. The \$250,000 amount is reduced if the cost of all property placed in service during the year exceeds \$800,000.

Example of new equipment purchase using 5-year MACRS depreciation:

Purchase Price	\$250,000	\$500,000
Section 179 deduction	\$250,000	\$250,000
50% bonus depreciation	N/A	\$125,000
MACRS depreciation @ 20.00% of remaining basis	N/A	\$25,000
Total 1st year deduction	\$250,000	\$400,000

Potential 1st year tax* \$87,500 \$140,000
savings for business in the 35% tax bracket

*We do not provide legal, tax or accounting advice.
Customers must obtain tax related advice from a tax professional. Example valid through 12-31-08.

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