

# ENAVATE

## IRS SECTION 179 TAX BENEFITS

*Applies to Software & Technology Purchases*

### YOUR BUSINESS CAN TAKE ADVANTAGE OF IRS SECTION 179 AND BONUS DEPRECIATION FOR 2021

The decision to migrate your mission-critical business applications to the Cloud is a matter of *how*, instead of if and when. Redefine your 2022 by taking advantage of IRS Section 179 Tax Benefits in 2021 to position your business as THE Leader in your industry.

IRS Section 179 applies to software purchases in addition to equipment and hardware. It includes almost any type of software including subscription software, SaaS, ERPs, CRMs, HR, Medical, Legal & Accounting Software.

#### ***The 2021 deduction limit for Section 179 is \$1,050,000***

That means that if your business buys or finances\* software, your customer can deduct the Full Purchase Price (up to \$1,050,000) from its gross income.

#### ***The 2021 Section 179 spending limit for the total amount of software / equipment that can be purchased is \$2,620,000***

This means that your business can purchase more software or equipment and still have the benefit of the Section 179 deduction.

#### ***100% bonus depreciation has been extended to tax year 2021***

For software, equipment or hardware purchases that are over the Section 179 deduction of \$1,050,000 your business can deduct an additional 100% of the overage in addition to the standard \$1,050,000 deduction.

#### ***What does that mean for your business?***

If your business finances a qualifying software or equipment in 2021, they can deduct the full amount of software or equipment (up to \$1,050,000) without paying the full amount this year.

\* FINANCING SUBJECT TO APPROVAL. PLEASE CONSULT YOUR INDIVIDUAL TAX ADVISOR.

### EXAMPLE:

***Qualified Software purchase:  
Software Cost: \$1,500,000***

First Year Write Off	<b>\$1,050,000</b>
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\$1,050,000 is the maximum Section 179 write-off

100% Bonus Depreciation	<b>\$450,000</b>
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On any remaining value above \$1,050,000:  
\$1,500,000 - \$1,050,000 = \$450,000  
The remaining \$450K is covered 100%.

Total First Year Deduction	<b>\$1,500,000</b>
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\$1,050,000 under Section 179; \$450,000 Bonus Depreciation

Total Tax Savings (Assuming Rate = 35%)	<b>\$525,000</b>
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\$1,500,000 x 35% = \$525,000

First Year Net Cost After Tax Savings	<b>\$975,000</b>
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\$1,500,000 - \$525,000 = \$975,000

\* INFORMATION COURTESY OF DIMENSION FUNDING.

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**Contact us about your  
technology needs.**

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