

Economic Stimulus Act to Benefit Businesses Acquiring Equipment in 2008

Companies in the right situation can enjoy significant tax benefits for buying capital equipment this year.

Excerpted from: Economic Stimulus Act offers tax deductions on equipment purchases, by Corinne Kator, Associate Editor -- Modern Materials Handling, 4/15/2008

If the shaky economy has you putting the brakes on plans to buy new equipment this year, you may want to put those plans back in motion. Investing in capital equipment before the end of 2008 could result in significant tax benefits thanks to the [Economic Stimulus Act](#) that Congress passed earlier this year. In addition to the individual tax refunds we've heard so much about, the stimulus package also includes two less-publicized provisions that offer businesses increased tax deductions on purchases they make before the end of the year.

The details of the two provisions are tricky, but the bottom line, says Michael Cecere, a CPA with the Massachusetts accounting firm [Gray, Gray & Gray](#), is this: "If you're thinking about making capital expenditures, 2008 is a good year to do it." Cecere offers two hypothetical examples of companies acquiring capital equipment this year. In the first scenario a company purchasing capital equipment would be able to write off nearly 80% of the purchase at tax time. In example number two, a company would qualify to deduct 57% of the cost of its purchases in 2008.

Certainly deduction amounts are dependent upon specific equipment acquisition cost and a company's specific financial situation, nevertheless 2008 just may be the right time for upgrading your capital equipment.