

# Section 179 Tax Deduction

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Page Content

## Section 179 Tax Deduction of the IRS Tax Code

Section 179 is a section of the IRS Tax Code designed to encourage small to medium sized businesses to spend money on eligible purchases. The program achieves this goal by allowing businesses to deduct the full cost of eligible purchases from their tax bill instead of a percentage over several years through depreciation. Typically, the amount allowed for depreciation is 10% per year for 5 years. The ability to write off depreciation is a good thing, but the 10% amount causes many businesses to wait until they have used the full 5 years of depreciation before upgrading equipment. The

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Section 179 Program allows businesses to write off the full purchase price from the business's gross income up front. That is right—Section 179 allows small and medium sized businesses to deduct the full purchase price from their taxes. They can deduct the full price for eligible purchases up to \$2,590,000 in 2020. The program also allows for deductions of up to \$1,040,000.



## **How can Ry-Den help with Section 179?**

Most medium duty trucks qualify as eligible purchase under Section 179 of the IRS Tax Code. If you are in the market for a new or used medium duty truck, let the experts at Ry-Den Truck Center help you get into a truck that is just right for your business.

[Learn more about Section 179 for vehicles.](#)



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## **Is Section 179 Complicated?**

Most portions of the IRS Tax Code are extremely complicated. Fortunately, Section 179 is fairly simple. It was developed in order to encourage businesses to grow through investments. In order for the equipment to be eligible, it must be tangible. purchased during the tax year, used more than 50% for business purposes, and not acquired from a related party. In order to take advantage of this deduction, on Part I of IRS Form 4562 you will have to include a brief description of the property, the total cost, and the amount of Section 179 the business is claiming for that particular asset through line 6.

**Partner with the best medium duty truck dealership in Central California to take advantage of Section 179 of the IRS Tax Code.**

*In order to use Section 179 properly, and confirm qualification details, always consult with a tax professional before purchasing a vehicle.*

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## **Example of Savings:**

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<b>2020 Equipment Purchases</b>	<b>\$ 50,000</b>
<b>Assuming a Tax Bracket of</b>	<b>35%</b>
<b>Section 179 Deduction</b>	<b>\$ 50,000</b>
<b>Bonus Depreciation Deduction</b>	<b>\$ 0</b>
<b>Normal First Year Deduction</b>	<b>\$ 0</b>
<b>Total First Year Deduction</b>	<b>\$ 50,000</b>
<b>Cash Savings on your Purchase</b>	<b>\$ 17,500</b>
<b>Lowered Cost of Equipment</b>	<b>\$ 32,500</b>

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Calculate your  
Potential Savings



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