Powerful Capital Investment
Incentives Now Available – Don’t Miss Them!

Pro-growth capital investment is a top government affairs priority of both NPES and Printing Industries of America, and both Associations have urged Congress to enact tax policies that reflect the economic power of rapid capital cost recovery. In response, Congress has enacted legislation making Internal Revenue Code (IRC) Section 179 Expensing permanent, and extending IRC Section 168(k) Bonus Depreciation for five years, retroactive to January 1, 2015 through December 31, 2019. Below is a summary of these new tax laws and their very significant benefits to printers and their suppliers.

IRC Section 179 Expensing – NOW PERMANENT
The small business expensing limitation of $500,000 and its phase-out amount of $2 million are now permanent and indexed for inflation. Qualifying property includes depreciable tangible personal property purchased for use in the active conduct of a trade or business including printing, publishing and converting equipment, as well as off-the-shelf computer software.

Bonus Depreciation – EXTENDED THROUGH 2019
Although not permanent, Bonus Depreciation is extended for property acquired and placed in service during 2015 through 2019 (with an additional year for certain property with a longer production period). The bonus depreciation percentage is 50% for property placed in service during 2015, 2016 and 2017 but decreases to 40% in 2018, and 30% in 2019.

Alternative Minimum Tax (AMT) Credits
Taxpayers may elect to accelerate the use of Alternative Minimum Tax (AMT) credits in lieu of Bonus Depreciation for property placed in service during 2015, with the amount of credits eligible to be claimed increasing in 2016.

Differences Between Section 179 and Bonus Depreciation
Section 179 Expensing applies to both new and used equipment, but has dollar limitations. In contrast, Bonus Depreciation is only applicable to new equipment, but has no dollar limitation and can be applied to larger capital investments. Businesses with a net loss in a given tax year may qualify to carry forward Bonus Depreciation to a future year. When applying these provisions, Section 179 is generally taken first, followed by Bonus Depreciation—unless the business has no taxable profit in the given tax year.

Online Tax Calculator
A 2016 Capital Investment Online Tax Calculator demonstrates how these powerful tax law provisions work. See: www-section179.org.

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