



TAX ADVANTAGES ON THE PURCHASE OF NEW AND USED EQUIPMENT.

Legislation has been passed to provide tax benefits for 2015 and future tax years. For 2015, you can take 50% Bonus Depreciation along with a hefty Section 179 Deduction of \$500,000 on qualified purchases!

Two key tax benefits for 2015:

1. Section 179 changes. The first provision provides the allowable **Section 179 Deduction limit of \$500,000** on the cost of **new and used** capital equipment purchased with an **investment cap of \$2,000,000**.

Section 179 increase is now permanent.

2. Bonus Depreciation changes. The second key provision is the extension of **Bonus Depreciation** for 2015 – 2019, which can be combined with the Section 179 Deduction for additional savings. Bonus Depreciation enables you to take additional depreciation on **new** capital equipment purchases only.

Bonus Depreciation expires on December 31, 2019, regardless of your fiscal year end.

Example:

NEW/USED EQUIPMENT	TAX YEAR
Cost of Annual Equipment Purchase	\$560,000
Section 179 Deduction	\$500,000
Tax Rate	33%
Tax Savings Using Section 179	\$500,000 x .33 = \$165,000

This chart can help to explain:

PLACED IN SERVICE DATE	BONUS DEPRECIATION
January 1, 2015 to December 31, 2017	50%
January 1, 2018 to December 31, 2018	40%
January 1, 2019 to December 31, 2019	30%

Let's look at an example of the tax savings introduced by Bonus Depreciation, along with Section 179 for 2015.

NEW EQUIPMENT	TAX YEAR 2015
Cap Equipment Purchases	\$560,000
Section 179 Deduction	\$500,000
Depreciable Amount	\$60,000
Bonus Depreciation (50% of Depreciable Amount)	\$30,000
Regular Depreciation (20% of remainder — 5 Years)	\$6,000
Total First-Year Deduction	\$536,000
Tax Rate	33%
Total First-Year Tax Savings	\$176,880

With or without Section 179 and Bonus Depreciation, your tax savings over the depreciable life of the equipment will be the same. However, the purpose of the tax benefit is to create movement in the economy right now. The money you save in the short term can be reinvested in capital improvements, expansion projects, and more, so don't wait. Buy the new equipment you need today.

Important!

The information in this flier is provided as a customer service by your John Deere dealer and John Deere Financial. However, it should not be construed as tax advice. We strongly recommend that you consult with your tax advisor regarding how these tax-saving opportunities apply in your situation.