

# NFIB Section 179 Webinar presented by Kabbage

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Daniel Eidson  
Head of Tax, Kabbage Inc.

# Meet Our Speaker



## Daniel Eidson Head of Tax at Kabbage, Inc.

Daniel Eidson is a seasoned tax and finance executive with over 25 years' experience in all aspects of business taxation including corporate tax planning, compliance, and tax accounting. He has strong experience in international tax, state and local incentives, and acquisition planning and has additional experience in treasury, risk management, and general accounting to complement his tax experience.



# What is Section 179?

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## Why does it matter to my business?



## 5 things you should know about Section 179

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- › There's a \$500,000 limit on expenses that can be deducted per year.
- › Section 179 only applies to new or used property that is purchased for your business.
- › The deduction only applies to property that is primarily used for business purposes.
- › Section 179 is phased out for taxpayers with more than \$2 million per year of qualifying purchases.
- › With Section 179, you only get to claim depreciation on the asset once. This may impact your taxes in subsequent years.



Section 179 deductions can be used for **tangible personal property purchased for your business** that the IRS has determined will last more than one year. Types of property include:

- › Computers
- › Software
- › Office furniture
- › Business equipment
- › Machinery
- › Business vehicles (Note: There are limitations here)



# Examples of purchases that **do not** qualify:

- › Land and permanent structures
- › Equipment used in producing rental income
- › Most furnaces or air conditioning units
- › Any property meant for use outside of the U.S.
- › Intangible property, including copyrights or patents



Poll: Have you made or are you considering making any of the following **qualifying purchases** for your business in 2017?

- a) Office furniture
- b) Vehicles
- c) Computers
- d) Machinery
- e) I don't plan to make any such purchases in 2017.



# Section 179 **example** calculation

Cost of Qualifying Purchase	\$60,000
First Year Write Off (\$500k max)	\$60,000
Total First Year Deduction	\$60,000
Immediate Cash Savings on Taxes*	\$21,000
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<b>Cost After Tax</b>	<b>\$39,000</b>

\*Based on 35% tax rate. Tax rate depends on tax bracket






Poll: For those of you who have made qualifying purchases this year or if you are considering purchases this year, what is the **estimated cost**?

- a) Less than \$50,000
- b) \$50,000 - \$150,000
- c) \$151,000- \$300,000
- d) \$301,000- \$500,000
- e) My purchase(s) is over \$500,000 and I only plan to write off a portion of the cost.



# Ready to file your business taxes?

<b>Form 4562</b>		<b>Depreciation and Amortization</b> (Including Information on Listed Property)		OMB No. 1545-0172	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to your tax return. ▶ Information about Form 4562 and its separate instructions is at <a href="http://www.irs.gov/form4562">www.irs.gov/form4562</a> .		<b>2016</b> Attachment Sequence No. 179	
Name(s) shown on return		Business or activity to which this form relates		Identifying number	
<b>Part I Election To Expense Certain Property Under Section 179</b> 					
<b>Note:</b> If you have any listed property, complete Part V before you complete Part I.					
1 Maximum amount (see instructions) . . . . .				1	
2 Total cost of section 179 property placed in service (see instructions) . . . . .				2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .				3	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .				4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions . . . . .				5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost		
7 Listed property. Enter the amount from line 29 . . . . .			7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .				8	
9 Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 . . . . .				9	
10 Carryover of disallowed deduction from line 13 of your 2015 Form 4562 . . . . .				10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .				11	
12 Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11 . . . . .				12	
13 Carryover of disallowed deduction to 2017. Add lines 9 and 10, less line 12 ▶ . . . . .				13	



# How can I **fund** my Section 179 purchases?



- › Simple, online application
- › Lines of credit up to \$150,000
- › Decision and funds available on the spot
- › Flexible, ongoing access to your credit line
- › NFIB members get a \$200 gift card when they qualify

To learn more about Kabbage's benefit for NFIB members,  
visit [www.nfib.com/kabbage](http://www.nfib.com/kabbage)



## MAKE THIS YEAR'S PURCHASES COUNT!

In addition to Kabbage, these NFIB providers have benefits/offers for members to save on eligible business purchases that can be deducted at tax time.

Invest in your business today!

Learn more about Section 179 offers from  
NFIB Providers at:  
[WWW.NFIB.COM/179OFFERS](http://WWW.NFIB.COM/179OFFERS)

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Minimum 10% discount and free ground shipping on orders of maintenance, repair and operational supplies.



Save up to 40% on select systems with exclusive member discounts.



Members receive \$500 cash allowance and up to \$1,000 in incentives on most vehicle models.



Limited Time Offer!  
Save 55% on  
Lotus™Stand/Sit Workstation\*

\*Expires 12/31/17





An aerial photograph of the Atlanta skyline, featuring the prominent Georgia State Capitol building on the right. The city is densely packed with various skyscrapers and commercial buildings. In the foreground, a multi-lane highway with heavy traffic is visible, winding through the urban landscape. The background shows a hazy view of distant mountains under a cloudy sky. The text 'Q & A' is centered in the middle of the image, with a thin white horizontal line extending from the left side of the text across the middle of the frame.

Q & A



[www.kabbage.com/nfib](http://www.kabbage.com/nfib)