nyrej

The Stimulus Package can live up to its name

July 25, 2008 - Front Section

Chances are you have heard countless news reports about the Economic Stimulus Package Act of 2008 and its plan to put money in the hands of middle-income Americans. A closer look at the act reveals a number of measures that can positively impact your company.

To spur additional investment, the Act increases the limit for the initial year expense deduction to $250,000 (up from $128,000). This increase in the expensing election creates planning issues for the developer. Any 2008 and 2009 planned purchases of major capital assets should be reviewed now in order to maximize this benefit. Because this tax break is designed to benefit smaller businesses, the expensing election begins to phase out dollar for dollar when total asset acquisitions for the year exceed $800,000 (up from $510,000). The new higher limit applies for calendar year 2008 or a business's fiscal year that begins in 2008.

Another valuable provision of the Act offers an additional 50% depreciation allowance for certain property separate from the Sec. 179 expense deduction if the asset is acquired and placed into service in 2008. Also of primary importance to the developer is the fact that this bonus depreciation allowance is allowed for Alternative Minimum Tax purposes. Because both the Sec. 179 limit increases and the 50% depreciation allowance can provide large 2008 deductions, you may want to consider making major asset purchases this year. The provisions of the Stimulus Package Act provide a prime opportunity for proactive tax planning. As always with tax law change, the provisions are complex so discuss your particular situation with your certified public accountant.

Robert Gilman, CPA, is a partner at Anchin, Block & Anchin LLP, New York, N.Y.