

SBA NEWS ALERT!

IRS - Important Business Information

Small Businesses Benefit from 2008 Economic Stimulus Act Depreciation Provisions

Businesses that have bought assets – or are planning to do so – in 2008 can benefit from the same legislation that is delivering payments to individuals this year.

The **Economic Stimulus Act of 2008** increased the maximum amount of depreciation under **section 179** of the federal tax code from \$128,000 to \$250,000 for 2008. It also raised the section 179 phase-out limit, formerly \$510,000 for this year to \$800,000. Section 179 depreciation provides a way for businesses to recover quickly some of the costs of certain property purchases, such as equipment.

The law also reinstates 50 percent special depreciation, also known as bonus depreciation, for much of the country. This special depreciation entitles taxpayers to depreciate 50 percent of the cost or other basis during the year for an asset placed into service in 2008 and depreciates the remaining cost or basis over the asset's normal life.

Some states do not follow the special depreciation rules and the tax provisions' most effective to use will depend on the taxpayers' circumstances. **Small businesses should consult their tax advisors.**

The **Economic Stimulus Payments Information Center** on the IRS's website <http://www.irs.gov/newsroom/article/0,,id=177937,00.html>, is the best source of Economic Stimulus information from the IRS. Or look for the Stimulus Payment graphic on the homepage of IRS.gov, click on "Rebate Payment Questions," and then scroll down to "Information for Businesses." As guidance is issued, the website will be updated, so check back **frequently**.

To get the latest IRS business information, go to www.irs.gov/businesses/small/article/0,,id=154825,00.html to start a free subscription to e-News for Small Business.