

# TAX ADVANTAGES

on the purchase of new and used equipment



**JOHN DEERE**  
FINANCIAL



## TWO KEY TAX BENEFITS:

- SECTION 179** provides the allowable deduction limit of \$1,000,000 on the cost of **new** and **used** capital equipment purchased with an investment cap of \$2,500,000.
- BONUS DEPRECIATION** can be combined with the Section 179 deduction for **additional savings**. Bonus depreciation enables you to take additional depreciation on **new** and **used** (new to you) capital equipment purchases.

**Bonus depreciation expires on December 31, 2026, regardless of your fiscal year-end (see table to the right).**

Section 179 example:

NEW/USED EQUIPMENT	TAX YEAR 2018
Cost of Annual Equipment Purchase	\$1,500,000
Section 179 Deduction	<b>\$1,000,000</b>
Tax Rate	32%
<b>Tax Savings Using Section 179</b>	<b>\$1,000,000 x .32 = \$320,000</b>

Bonus Depreciation Phase Out Schedule:

PLACED IN SERVICE DATE	BONUS DEPRECIATION
September 28, 2017 to December 31, 2022	100%
January 1, 2023 to December 31, 2023	80%
January 1, 2024 to December 31, 2024	60%
January 1, 2025 to December 31, 2025	40%
January 1, 2026 to December 31, 2026	20%
January 1, 2027 and thereafter	0%

Let's look at an example of the tax savings introduced by bonus depreciation, along with Section 179.

NEW AND USED (NEW TO YOU) EQUIPMENT	TAX YEAR 2018
Equipment Purchases	\$1,500,000
Section 179 Deduction	<b>\$1,000,000</b>
Depreciable Amount	\$500,000
Bonus Depreciation (100% of Depreciable Amount)	<b>\$500,000</b>
Regular Depreciation (200% declining balance over 5 years)	0
Total First-Year Deduction	\$1,500,000
Tax Rate	32%
<b>Total First-Year Tax Savings</b>	<b>\$480,000</b>

The intended purpose of this tax benefit was to stimulate the economy. The money you save in the short term can be reinvested in capital improvements, expansion projects, and more, so don't wait — buy that new or used equipment today.

## Important

The information in this flyer is provided as a customer service by your John Deere dealer and John Deere Financial. However, it is not and 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.