



MAXIMIZE YOUR RETURNS

TWO KEY TAX BENEFITS:

1 **SECTION 179** provides the allowable deduction limit of \$1,040,000 on the cost of **new** and **used** capital equipment purchased, with an investment cap of \$2,590,000.

2 **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 is currently scheduled to phase out over the next 7 years.

Let's run the numbers. Watch how the potential tax savings can add up when you purchase new or used equipment and combine bonus depreciation with Section 179.

| NEW/USED EQUIPMENT | TAX YEAR 2020 |
|--|--|
| Equipment Purchases | \$1,500,000 |
| Section 179 Deduction | \$1,040,000 |
| Depreciable Amount | \$460,000 |
| Bonus Depreciation (100% of Depreciable Amount) | \$460,000 |
| Regular Depreciation | 0 |
| Total First-Year Deduction | \$1,500,000 |
| Tax Rate | 32% |
| Total First-Year Tax Savings (Section 179 and Bonus Depreciation) | \$480,000 |
| Tax Savings Using Section 179 Only | \$1,040,000 x .32 = \$332,800 |

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.



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