

Gain Substantial Tax Benefits for 2009

Acquire your construction equipment now for significant tax benefits and lease flexibility.

Section 179

Under the American Recovery and Reinvestment Act of 2009, you can take further advantage of the Section 179 expense allowance to write off the entire cost of your new asset purchases in 2009. Specifically, the Section 179 expense allowance is up to \$250,000 for taxpayers with total capital investments of \$800,000 or less. Assets put into service by December 31, 2009 can qualify for the increased allowance. Accelerating the write-off of an asset in the year of purchase can improve your cash flow by reducing your outlay of tax dollars in that year.

Example of \$150,000 write-off using the Section 179 Expense Allowance

Purchase Price	\$150,000
1st year Section 179 Expense	\$250,000
Total 1st year deduction	\$150,000
Potential 1st year tax savings (company in 35% tax bracket)	\$52,500
After tax cost of equipment	\$97,500

Bonus Depreciation

You may also be able to benefit from the 50% Bonus Depreciation, in the first year for qualifying equipment that you acquire between January 1, 2009 and December 31, 2009. The Bonus Depreciation deduction of 50% will be applied to the remaining purchase price, net of any Section 179 expense allowance, if taken. Finally, MACRS depreciation can then be calculated on the new cost and also deducted in the year of the purchase.

Example of \$1,000,000 write-off using Bonus Depreciation & 5 Year MACRS Depreciation:

Purchase Price	\$1,000,000
50% Bonus Depreciation (\$1,000,000 x 50%)	\$500,000
MACRS Depreciation (\$500,000 x 20%)	\$100,000
Total 1st year deduction	\$600,000
Potential 1st year tax savings (company in 35% tax bracket)	\$210,000
After tax cost of equipment	\$790,000

Example of \$650,000 write-off using Section 179, Bonus Depreciation & 5 Year MACRS Depreciation*:

Purchase Price	\$650,000
1st Year Depreciation Under Section 179 Expense	\$250,000
50% Bonus Depreciation (\$400,000 x 50%)	\$200,000
MACRS Depreciation (\$200,000 x 20%)	\$40,000
Total 1st year deduction	\$490,000
Potential 1st year tax savings (company in 35% tax bracket)	\$171,500
After tax cost of equipment	\$478,500

*MACRS Depreciation Schedule based on \$100,000 cost of equipment

Year	Current MACRS	New MACRS	Difference
1	20.0% or \$20,000	60.0% or \$60,000	+\$40,000
2	32.0% or \$32,000	16.0% or \$16,000	-\$16,000
3	19.2% or \$19,200	9.6% or \$9,600	-\$9,600
4	11.52% or \$11,520	5.8% or \$5,800	-\$5,720
5	11.52% or \$11,520	5.8% or \$5,800	-\$5,720
6	5.76% or \$5,760	2.8% or \$2,800	-\$2,960

How much will you save?

Contact your accountant or financial advisor today to find out more about the new tax law changes and specific benefits that you may receive when purchasing new equipment.

Contact your Doosan Global Finance Team for more information:

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*Doosan Global Finance does not provide legal, tax or accounting advice. The customer must obtain and rely on such advice from its own accountants, auditors, attorneys or other professional advisors.