



The Safe Choice

Hyster Capital

2009 Bonus Depreciation Extension

Bonus Depreciation

- Extension of 2008 Incentive Program
- Part of 2009 Economic Stimulus Act

Two key elements of the stimulus package:

- **50% Bonus Depreciation**
- **Section 179 Expensing**





50% Bonus Depreciation

- May be available for equipment acquired and in service by December 31, 2009
- Allows customers to claim a 50% Bonus Depreciation benefit
- May also claim the standard MACRS depreciation benefit with \$8,000 added to caps.



50% Bonus Depreciation

Example:

Purchase Price	\$30,000
50% Bonus Depreciation ($50\% \times \$30,000$)	\$15,000
MACRS Depreciation ($20\% \times \$15,000$)	\$ 3,000
Total Depreciation for 2009	\$18,000

After Tax Cost of Acquisition (35% Tax Bracket)

\$23,700
(78% of Purchase)

Section 179

- A qualifying business may expense up to \$250,000 of section 179 property acquired in their tax year beginning 2009
- Limited to total investments of up to \$800,000.
- Can be combined with 50% Bonus Depreciation.

Section 179

Example:

Purchase Price	\$30,000
Section 179 deduction (1 st year)	\$250,000
Total deduction (1 st year)	\$ 30,000

After Tax Cost of Acquisition (35% Tax Bracket)

\$19,500
(65% of Purchase)

50% Bonus Depreciation + Section 179

The Section 179 expense
can be coupled with
the 50% Bonus Depreciation



50% Bonus Depreciation + Section 179

Example:

Purchase Price	\$600,000
Section 179 Depreciation (1 st year)	\$250,000
50% Bonus Depreciation (50% x \$350,000)	\$175,000
MACRS Depreciation (20% x \$175,000)	\$ 35,000
Total deduction (1 st year)	\$460,000
Total Depreciation for 2009	\$161,000

After Tax Cost of Acquisition (35% Tax Bracket)

$$\begin{aligned} \$600,000 - \$161,000 &= \$439,000 \\ &\text{(73\% of Purchase)} \end{aligned}$$



Finance Products

- 2009 True lease pricing will not benefit from Bonus Depreciation as recognized in 2008 (JV AMT issue)
- We are considering some alternative structures to help support equipment purchases/financing in 2009
- We will summarize this content into 2 page brochure
- Bonus depreciation encouraging loan and \$1 option products with higher rates