White paper

Save on printing and marking solutions:

Learn how the Tax Cuts and Jobs Act of 2017 can provide a first-year bonus depreciation for new equipment purchases and leases.

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law. The TCJA includes a tax incentive that can offer great savings for companies investing in capital equipment such as Videojet coding and marking equipment.

The TCJA includes a provision for 100% bonus depreciation of capital purchases, giving businesses an important opportunity to reduce their tax burden. The bonus depreciation is available for qualifying property placed into service after September 27, 2017.

Businesses making capital purchases can take advantage of this opportunity to cut their tax liability in year one and reinvest the savings into the business at a faster rate.

Certain equipment leases also qualify for this tax benefit. A business making a capital lease, not an operating lease, can deduct the full amount of the lease payment from year one's income tax. An operating lease's payments can also be deducted, but they would be spread over the length of the lease.

Tax deductions on equipment purchased this year

Prior to the enactment of TCJA, businesses could only deduct 50% of the value of the equipment in year one.

Now businesses can take advantage of the 100% bonus depreciation on qualified property through 2022.

100% bonus deduction for capital purchases

Example: XYZ Corp places $100,000 in continuous inkjet printers into service anytime in 2019. It writes off the full $100,000 on its 2019 income tax return. Assuming a 21% corporate income tax rate for XYZ Corp, the new equipment cost (after tax savings) is only $79,000 ($100,000 equipment cost - $21,000 estimated 2018 tax benefit = $79,000). XYZ achieves this $21,000 benefit up front in 2019 rather than spreading out the benefit over a period of 5 to 7 years.

Equipment purchased post 09/27/2017					
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Equipment cost/basis	100,000	0	0	0	0
Bonus depreciation deduction	(100,000)	0	0	0	0
Regular depreciation deduction	0	0	0	0	0
Remaining basis	0	0	0	0	0
Total tax deduction	100,000	0	0	0	0
Tax rate	21%	21%	21%	21%	21%
Annual tax benefit	**$21,000**	**0**	**0**	**0**	**0**

If XYZ Corp purchases additional equipment between 2019 and 2022, it can deduct (on their annual income tax return) the full purchase price in the year purchased, rather than spreading the deduction over five to seven years.

Videojet does not provide tax advice. Actual tax savings may differ from the examples shown. Please consult your accountant or tax advisor to find out how the Tax Cuts and Jobs Act applies to your company.

Videojet Full Care Lease

The example at left details the new tax benefits of an equipment purchase. But the benefit would be the same for XYZ Corp if it leases printers with Videojet Full Care.

With a Videojet Full Care lease, XYZ Corp can deduct the entire $100,000 capitalized cost in year one.

A lease must qualify as a capital lease, not an operating lease, to take advantage of a year one bonus depreciation deduction.

Call **800-843-3610**
Email **info@videojet.com**
or visit **www.videojet.com**

Videojet Technologies Inc.
1500 Mittel Blvd. Wood Dale IL 60191 / USA