



Dean, Mead, Egerton, Bloodworth, Capouano & Bozarth, P.A.  
800 North Magnolia Avenue, Suite 1500  
P.O. Box 2346 (ZIP 32802-2346)  
Orlando, FL 32803

Orlando  
Fort Pierce  
Viera

407-841-1200  
407-423-1831 Fax  
www.deanmead.com

CHRISTINE L. WEINGART  
407-428-5275  
cweingart@deanmead.com

**August 2008**

## **Year End Tax Planning Opportunities**

Christine L. Weingart, Esq.

In February of 2008, Congress passed the Economic Stimulus Act of 2008 (the “Act”). The individual stimulus payments distributed to taxpayers were widely published. Less well known are the two business provisions contained in the Act.

Code Section 179 allows businesses to choose to immediately deduct the cost of Section 179 property up to a certain maximum amount, rather than depreciating the cost of the property over time. Generally, Section 179 property includes machinery and equipment, furniture and fixtures, most storage facilities, and single-purpose agricultural or horticultural structures. The Act increases the maximum deduction for qualified Section 179 property placed in service in tax years beginning in 2008, from \$128,000 to \$250,000. The Act also increases the total value of Section 179 property which the business may purchase before the Section 179 maximum deduction phases out. Beginning in 2008, the \$250,000 cap begins to be phased out only when the taxpayer acquires more than \$800,000 of qualifying property, rather than the prior limit of \$510,000.

Additionally, the Act provides for a 50 percent special depreciation allowance for certain property acquired and placed in service during the 2008 calendar year. Generally, property that qualifies for the special depreciation allowance includes tangible property depreciated under the modified accelerated cost recovery system (MACRS) with a recovery period of 20 years or less; water utility property; off-the-shelf computer software; and qualified leasehold improvement property. There are additional tests which must be met to ensure that the property is actually purchased in 2008, and certain property that will otherwise not qualify for the deduction.

We recommend that you talk to your tax advisor before making any purchases intended to qualify for these special deductions.

### **About the Author:**

Christine Weingart is a member of Dean Mead’s Tax Department. She provides tax and business planning counsel to business owners on all types of business matters, including formation, termination and reorganizations of businesses.

### **About Dean Mead:**

Dean Mead is a commercial law firm that provides full-service legal representation to businesses and individuals throughout Florida. The firm has 50 lawyers practicing in Orlando, Fort Pierce and Viera.

*Regulatory Disclaimer: As required by United States Treasury Regulations, please be aware that this communication is not intended or written by the sender to be used, and it cannot be used, by any recipient for the purpose of (1) avoiding penalties that may be imposed on the recipient under United States Federal Tax Laws or (2) promoting, marketing or recommending to another party any plan or arrangement addressed herein.*