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Economic Stimulus Package Provides Huge Investment Incentives

The economic stimulus package passed by Congress and signed into law by President Bush in February provides huge investment incentives for printing, publishing and converting equipment sold and installed before 2009. But, as NPES President Ralph J. Nappi advises, “early action will be critical to take advantage of the tax savings on the sales of large systems that require engineering lead time and installation”.

Enhanced IRC Section 179 expensing and 50 percent bonus depreciation on capital investments are the business provisions of the economic stimulus package, *H.R. 5140, Economic Stimulus Act of 2008*. They give companies 50 percent bonus depreciation on investment in new equipment purchased after December 31, 2007 and installed before January 1, 2009. In addition, they also nearly double the limit on capital investment in 2008 that can be expensed, raising it to \$250,000 from \$128,000 for companies that purchase less than \$800,000 of capital assets in the year. Some smaller businesses may be able to use both provisions to their advantage.

Earlier in the decade similar incentives proved very effective for stimulating capital investment, and are measures that are strongly supported by NPES, not only as a short term economic stimulus, but also as permanent tax policy that recognizes the true cost of capital. According to **Ulrik Nygaard**, President and CEO, Baumfolder Corporation and Chairman of the NPES Government Affairs Committee, “bonus depreciation and the increase of the expensing allowance for investment in capital goods have been a key stimulus for equipment sales for our company and many other Association members.”

The “placed in service” date for qualifying equipment purchases is critical to the effectiveness of these tax incentives. Large capital equipment systems typically require more lead time for engineering and installation than is necessary for smaller acquisitions. Therefore, it is very important to note that the enhanced expensing and bonus depreciation in the legislation will only be available for equipment purchased and placed-in-service in calendar year 2008.

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