

Jobs and Growth Tax Relief Reconciliation Act of 2003

Any business that spends less than \$400,000 in new equipment each year qualifies for a tax deduction of up to \$100,000. The previous law allowed for \$25,000

Typically, businesses write off or depreciate assets over five- to seven-years. The new bonus depreciation allows businesses to immediately expense their equipment purchases by 50 percent in the first year they purchase the asset.

To Qualify

To qualify under Section 179, total capital expenditures must not exceed \$400,000. The cap is \$500,000 in capital expenses annually, but the full set of deductions does not apply.

Depreciation requirements

To qualify as a capital expense, the purchase must have a useful life of over one year, but business owners can immediately expense one half of the depreciation in the first year.

Types of Purchases

Most IT and communication purchases apply under the tax deduction provision.

In effect

Take advantage of the tax provisions before they expire. The tax break of \$100,000 ends in 2005, and the bonus of 50 percent ends after 2004.