

# Computer and Software Tax Deduction – Section 179

## \*\*\*Deadline December 31, 2012

An increasingly popular use of the IRS §179 Deduction is for business software and computer purchases. The current deadline for these 2012 deductions is December 31<sup>st</sup> 2012.

If you are a small or medium-sized business owner who has plans to purchase, finance or lease qualified equipment or software before December 31<sup>st</sup>, 2012 you need to elect to take the Section 179 Deduction now to ensure that your business captures the available tax savings for calendar year 2012. This equipment and/or software must be placed into service during the calendar year of 2012. (Section 179 is not an automatic deduction - you must take action and elect to take it. We recommend that you contact your tax accountant today to take full tax advantage of this powerful deduction.)

For any business owner, it would be important and prudent to help reduce your business tax liability by taking full advantage of this available tax deduction of \$139,000 provided by IRS Section 179 before year end 2012.

Any "off-the-shelf" computer software that (a) is not custom designed, and (b) is available to the general public ( **this includes HVAC Pack software for QuickBooks**) is qualified for the Section 179 Deduction in the year that you put the software into service. The 2012 Section 179 Deduction is up to \$139,000 max.

Qualified equipment or software must be used more than 50 percent for business. If you want to expense property that will be used partly for personal or family reasons (e.g., a home computer), you can expense only the portion of the property's tax basis that corresponds to its percentage of business use. There are additional conditions you will want to ask your accountant about.

Barring further legislation, the 179 Deduction limit **beginning January 1, 2013 will be drastically reduced to only \$25,000.**

**If you plan to purchase qualifying software and other equipment this year, don't miss the deadline for this worthwhile 2012 Section 179 deduction by December 31<sup>st</sup> 2012. We suggest making your purchases if possible by early December so you can place them into service before the year end qualification deadline.**

\*\*\* The above deduction requires that your equipment be placed in service prior to December 31<sup>st</sup> to deduct the qualified amount this year. If you don't claim it, you cannot change your mind later by filing an amended tax return after the due date.

**Notice:** The above information is provided for general informational purposes, and is not intended to provide legal or tax advice. For additional information and details on the Section 179 current year expense deduction, please contact the IRS or your tax accountant specialist