



Buy at NPE2009 to Take Advantage of Tax Benefits

LIMITED TIME TO SAVE WITH FEDERAL TAX INCENTIVES

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law. Popularly known as the "Stimulus," the Act creates significant federal tax allowances for new capital investments. These have the effect of reducing the cost of investments in equipment and machinery, but the incentive for customers to buy doesn't stop there. Because the Act provides these incentives on a temporary basis, customers also have an incentive to act soon. This makes NPE the perfect time to buy, utilizing one or both of the incentives described below.

50% SPECIAL "BONUS DEPRECIATION" INCENTIVE

Equipment and machinery that qualifies to be depreciated under the Modified Accelerated Cost Recovery System (MACRS) with a recovery period of 20 years or less is eligible for special "bonus depreciation" in 2009.

Specifically, customers may take an additional deduction of 50% of the equipment or machinery's depreciable basis prior to calculation of their regular depreciation deduction. Buyers of all sizes can take advantage of this incentive.

Moreover, companies making limited investments in 2009 – generally smaller businesses – will see an even greater cost reduction because they can first take advantage of the Section 179 "small business" expensing incentive (see below) prior to making this calculation.

Expiration: December 31, 2009

Requirements: Equipment or Machinery Placed in Service by Expiration Date

SECTION 179 "SMALL BUSINESS" EXPENSING INCENTIVE

The Act allows qualifying businesses that purchase \$800,000 or less in depreciable assets in 2009 to write off the full purchase price of equipment and machinery up to \$250,000. Companies qualifying for this incentive may depreciate an additional 50 percent of the remaining basis of the equipment or machinery in 2009 pursuant to the special bonus depreciation incentive described above and prior to figuring their regular depreciation deduction.

Expiration: December 31, 2009

Requirements: Equipment or Machinery Placed in Service by Expiration Date

An example of how customers may benefit from the special "bonus depreciation" incentive:

Original Equipment Cost	\$750,000
Bonus Depreciation	\$375,000
Balance	\$375,000
Regular Depreciation in 2009 (20%)	\$75,000
Total Depreciation	\$450,000
Percent deductible in 2009	60%

An example of how some customers may also benefit from the Section 179 "small business" expensing incentive:

Original Equipment Cost	\$350,000
Expensing Election	\$250,000
Balance	\$100,000
Bonus Depreciation	\$50,000
Balance	\$50,000
Regular Depreciation in 2009 (20%)	\$10,000
Total Depreciation	\$310,000
Percent deductible in 2009	89%



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This analysis is not intended to constitute legal or accounting advice. For more specific details about ARRA, contact your tax professional or visit the Internal Revenue Service website at www.irs.gov.

NPE2009: The International Plastics Showcase is produced by SPI, the plastics industry trade association.
 t +1.202.974.5235 f +1.202.296.7243
 e tradeshows@plasticsindustry.org

