

**82nd Street Business Improvement District**  
37-06 82nd Street,  
3rd Floor  
Jackson Heights, NY 11372  
(718) 335-9421

**Ecuadorian Chamber**  
61 Main Street  
Hackensack, NJ 07601  
201-343-0138

**Flushing Chinese Business Association**  
40-48 Main Street  
Flushing, NY 11354  
718-358-7228

**Greater Jamaica Development Corporation**  
90-04 161st Street  
Jamaica, NY 11432  
(718) 291-0282

**Hispanic Chamber of Commerce**  
76-11 37th Avenue  
Suite 203  
Jackson Heights, NY 11372

**JFK International Airport Chamber of Commerce**  
PO Box 300687  
Jamaica, NY 11430  
631-231-8820

**Junction Boulevard Merchants Association**  
35-22 B  
Junction Boulevard  
Corona, NY 11368  
718-899-6563

**Maspeth Chamber of Commerce**  
PO Box 780265  
Maspeth, NY 11378  
(718) 429-2363

**Middle Village Chamber of Commerce**  
79-02 Metropolitan Avenue  
Middle Village, NY 11379  
(718) 326-0970

**Queens Economic Development Corporation**  
120-55 Queens Boulevard  
Suite 309  
Kew Gardens, NY 11424  
(718) 263-0546

**Sunnyside Chamber of Commerce**  
31-10 Thomson Avenue,  
Suite M222  
Long Island City,  
NY 11101  
(718) 482-6053

**Rockaway Chamber of Commerce**  
253 Beach 116th Street  
Rockaway, NY 11694  
(718) 634-1300

**Woodside on the Move**  
39-42 59th Street,  
2nd Floor  
Woodside, NY 11356  
(718) 476-8449

# Economic Stimulus Act Helps Small Businesses

By Michael Pappas

**M**any of us have either already received or are expecting soon our economic stimulus checks from the IRS. Those checks are an important part of the Economic Stimulus Act of 2008, but for small businesses, there are other provisions in the law with the potential for far greater benefit.

The most important thing to remember about the act's small business benefits is that the special bonus depreciation provision expires at the end of 2008 and the Section 179 expensing provision expires at the end of your business tax year that begins in 2008. Time is definitely of the essence to take advantage of these opportunities.

The act allows far more depreciation deductions on purchases of most types of tangible property and computer software bought this year. These deductions reduce the taxable income of the business or its owners, with the potential to dramatically reduce your 2007 or 2008 business tax year liability.

This means you will recover a far larger portion of the price of property placed in service this year through tax savings than you normally would.

Your business will benefit from the additional productivity from the new machinery or equipment, you will benefit from the tax savings, and the economy will benefit from the additional economic activity your investment generates. Talk about have your cake and eat it too!

The additional deductions fall in two categories: Section 179 expensing and a Special Depreciation Allowance. Section 179 of the tax code allows businesses to write off investments in eligible property immediately instead of depreciating it over time.

The normal limit for the Section 179 write-off is \$128,000 total for your business tax year, but for eligible property purchased and placed in service in your business tax year beginning in 2008, the limitation is almost doubled to \$250,000. The \$250,000 deduction amount is reduced only when a business purchases more than \$800,000 of eligible property.

Let me repeat that: for an eligible company and property, you will be able to write off completely against your taxable income up to \$250,000 of investment in property you place in service in the 2008 tax year so long as you do not purchase more than \$800,000 of eligible property that year. This can create a tremendous cash flow advantage to you and your business.

The second provision of the act is the Special Depreciation Allowance. This allowance is in

addition to the Section 179 write off and allows the business to take depreciation of 50 percent of the cost of the property after taking the 179 expense.

Then on the 50 percent that is left, you still get to take your full first year depreciation. To qualify for the Special Depreciation Allowance, the original use of the property must begin with the taxpayer after December 31, 2007. In other words, the property must be "new" property.

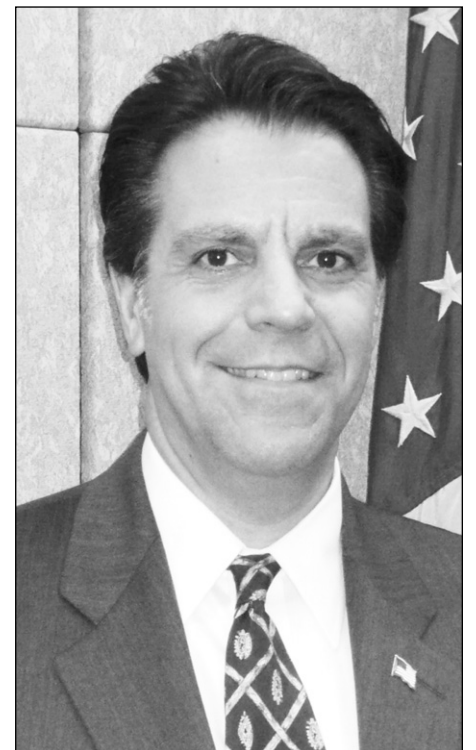
For the eligible equipment that you buy before the end of this calendar year and after the beginning of your 2008 tax year, you can get up to three deductions in your 2008 tax year. For example, if you purchase and place into service eligible property that costs you \$450,000 on August 1, 2008, and your 2008 business tax year starts July 1, 2008, you can have the 179 expense of \$250,000, the Special Depreciation Allowance of 50 percent of the remainder, \$100,000 and still take the regular first year depreciation on the remaining \$100,000 of basis.

On property with a 5-year tax life, that could mean a write-off of \$370,000 in your 2008 business tax year for an investment of \$450,000. If you purchase and place into service this same property after December 31, 2008, but still in your 2008 business tax year, you can still take a 179 expense up to a total of \$250,000 on all eligible property purchased in your 2008 tax year.

If you want to really leverage the tax savings, the U.S. Small Business Administration's loan programs are designed to help small businesses grow. Because of the long-term nature of both the 7a and 504 loan programs, your payment on an SBA loan this year could easily be less than the tax savings you receive so you could actually generate cash for your business in 2008 by financing the equipment purchase with an SBA guaranteed loan. Contact your nearest SBA office by visiting [www.sba.gov](http://www.sba.gov) to find a participating lender in SBA's 7a or 504 loan programs.

The Special Depreciation Allowance also helps with vehicle purchases, increasing the allowable first year depreciation on trucks and vans weighing less than 6,000 pounds to 350 percent of the normal maximum (from \$3,160 to \$11,160) and on automobiles to 370 percent of the normal maximum (from \$2,960 to \$10,960).

As always, there are exceptions. You will need to consult your tax advisor before making any decisions based on the 2008 Economic Stimulus Act. The Section 179 write-off is only available to companies that purchase less than \$800,000 of eligible assets in the tax year and the Section 179 expensing limit for SUVs remains \$25,000. Also, since these allowances



Michael Pappas

are deductions from taxable income, they will only benefit companies that have profits to offset.

The SBA provides a Depreciation Calculator, fact sheet, on-line seminar and links to additional information on the act at <http://www.sba.gov/stimulus/>. The Internal Revenues Service provides additional in-depth information about the Act at:

Business Provisions of the Economic Stimulus Act of 2008  
<http://www.irs.gov/newsroom/article/0,,id=183867,00.html>

IRS To Issue Guidance on Special 50-Percent Depreciation Allowance  
<http://www.irs.gov/newsroom/article/0,,id=181364,00.html>

2008 Economic Stimulus Act Provides Tax Benefits to Businesses  
<http://www.irs.gov/newsroom/article/0,,id=179227,00.html>

The Small Business provisions of the Economic Stimulus Act of 2008 are an excellent opportunity for you to invest in the equipment you need to take your business to new levels of productivity while providing great cash flow benefits from the tax savings you will experience this year.

*Michael Pappas is the Regional Administrator of the U.S. Small Business Administration*

## Still Time To Nominate For Building Awards

There is still time left to send in your nomination for one of the biggest events of the year – the Chamber's Annual Buildings Awards. Applications are available online and are still being accepted by the Chamber until September 6. Log onto [http://www.queenschamber.org/userfiles/File/Form\\_for\\_Business\\_Awards.pdf](http://www.queenschamber.org/userfiles/File/Form_for_Business_Awards.pdf) to read the rules and fill out your application today.