

Financial, Legal & Tax Advisory

Published by The Center for Financial, Legal & Tax Planning, Inc.



Roman A. Basi, President of The Center, is an Attorney, CPA, Real Estate Broker, and Title Insurance Agent. Roman speaks and advises The Center's clientele on such matters as Business Law, Succession, Estate & Tax Planning, and Real Estate.



Dr. Bart A. Basi, Senior Advisor of the Center for Financial, Legal & Tax Planning, Inc., is an expert on closely-held companies, an attorney, and CPA. He is a member of the American Bar Association's Tax Committees on Closely-Held Businesses and Business Planning.

Section 179 and Bonus Depreciation

When planning on purchasing or financing a new or used vehicle for your business, you may be eligible for a great tax benefit. The section 179 tax deduction allows a taxpayer to deduct a portion of the cost of the vehicle within the first year of use. To do this, you need to meet the requirements of Section 179 of the Internal Revenue Code. Before you jump the gun and finance a new supercar, there are a few rules that you need to be aware of.

First, every vehicle is not eligible for the Section 179 treatment. Vans, pickup, and heavy SUVs being used for business for more than 50% of the time and exceed 6,000 lbs. gross vehicle weight are eligible. Obvious vehicles that are used solely for business purposes with no potential for personal use also qualify. An example of this would be a box delivery truck with no passenger seating or a classic cargo van. You could also include vehicles such as a hearse or an ambulance, which have almost no value for personal use. Let's move on to the price limits of Section 179. The limit for 2025 allows for up to \$1,250,000 in eligible equipment to be deducted, with the "total equipment purchased" by a business being \$3,130,000.

If the equipment exceeds that amount, the deduction then calls for a reduction in the deduction on a dollar-for-dollar basis. Many business owners are surprised when they learn you do not have to purchase a vehicle outright to qualify. The tax deduction also qualifies on vehicles that are being financed. It also comes as a surprise to taxpayers when they learn that the vehicle does not have to be brand new. As long as the vehicle is new to your business and meets all the other requirements, it is eligible for Section 179. Business owners need to make sure not to confuse Section 179 with bonus depreciation. Bonus depreciation is meant to be taken after the Section 179 deduction.

It is typically used by large businesses that spend more than the spending limits for Section 179 during the year. Another great thing about bonus depreciation is that businesses with a net loss in a given tax year qualify to carry-forward the bonus depreciation to a future year. New and used heavy SUVs, pickups, and vans acquired and put to business use in 2025 are eligible for 40% first-year bonus depreciation. The only requirement is that the vehicle needs to have more than 50% business use. If you happened to purchase in a prior year and want to claim the Section 179 deduction, unfortunately, that is not permissible.

To qualify for the Section 179 deduction in any given tax year, the equipment must be acquired and placed into service between January 1 and December 31 of that given tax year. On the bright side, Section 179 can be used every year. It was made to be a permanent part of our tax code. This last step is very crucial for business owners to note. Section 179 is NOT automatically applied. To receive the benefit of the deduction, the taxpayer MUST elect Section 179 treatment on their tax return.

To take the deduction, Form 4562 must disclose the acquisition in the year the vehicle is obtained. If business owners are purchasing/financing new vehicles for their company and are not knowledgeable about taking the Section 179 deduction (and Bonus Depreciation), then they are simply leaving money on the table for the company. These tax benefits could save tens of thousands for their business. If you are a business owner and have any questions regarding Section 179, bonus depreciation, or would like to discuss any other tax benefits you may be missing out on, reach out to the professionals at The Center for Financial, Legal, and Tax Planning, Inc at our website, www.taxplanning.com or by phone at (618) 997-3436.

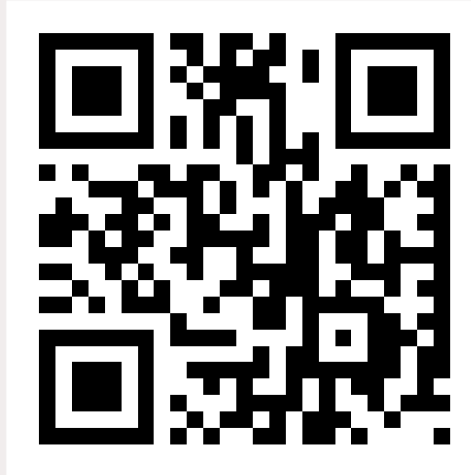
Basi, Basi & Associates at The Center for Financial, Legal, & Tax Planning, Inc.

Mergers & Acquisitions | Retirement and Estate Planning | Business Valuation | Tax Aspects of Business Decision
Accounting Service | Business Succession Planning | Strategic Planning and Negotiation for Buying or Selling a Business
4501 W DeYoung St., Suite 200 | Marion, IL 62959 Phone: (618) 997-3436 | Fax: (618) 997-8370 | www.taxplanning.com

**BASI, BASI & ASSOCIATES AT THE CENTER FOR
FINANCIAL, LEGAL & TAX PLANNING, INC**

TO VIEW OUR WEBSITE

SCAN ME!



INFO@TAXPLANNING.COM



CHECK OUR WEBSITE ONLINE, OPEN YOUR
PHONE CAMERA AND SCAN THIS QR CODE



4501 W DEYOUNG ST.,
SUITE 200 | MARION, IL
62959



618-997-3436



WWW.TAXPLANNING.COM



WWW.FACEBOOK.COM/TAXPLANNINGATTHECENTER



WWW.LINKEDIN.COM/COMPANY/BASIBASIASSOCIATES/



TWITTER.COM/_TAXPLANNING



WWW.INSTAGRAM.COM/BASIBASIANDASSOCIATES/
