



Save on Robotic Purchases in 2009

Take Advantage of the Economic Stimulus Package

On February 17, President Obama signed into law The American Recovery and Reinvestment Act of 2009, which extended certain investment incentives that were established by The Economic Stimulus Act of 2008, most of which were to expire on December 31, 2008. We urge you to take advantage of this opportunity and consider an investment in robotic automation.

Expanded Expensing – The first provision is the Expanded Expensing (Section 179). For purchases in 2009, companies that purchase \$800,000 or less of capital assets in a year can deduct the first \$250,000 of capital investment (to the extent of taxable income). Note the expanded Section 179 deduction value is reduced dollar for dollar on all capital asset purchases over \$800,000. For all capital asset purchases over \$1,050,000 the Section 179 deduction is -0-.

Accelerated Depreciation – The Accelerated Depreciation applies to capital equipment purchased and placed into service during 2009. This incentive is available to all companies, regardless of the size of their investment. Under this provision, companies are eligible for a 50% “bonus” first-year depreciation. This could result in substantial tax liability deferral in the year the asset is placed into service.

Capital Lease Option – You can arrange a capital lease that will allow you to take advantage of the write-off in 2009 without having paid for the equipment. Remember, the equipment must be purchased and installed prior to January 1, 2010.

It is important to take advantage of these incentives early in order to have your robot placed into service prior to January 1, 2010.

On the next page are three examples of how these provisions will help your company save a substantial amount of money if you purchase and install your robot this year. The examples compare the benefits of the new provision’s first-year depreciation deduction, and associated tax liability effect. The table shows the first-year bonus depreciation rules versus the previous “regular” depreciation rules (pre-2/13/2008 rules). We used the Modified Accelerated Cost Recovery System and a 34% income tax rate in these calculations.

As with any tax issue, please consult your tax accountant regarding the applicability of the provision for your company or visit www.irs.gov for more information.

We hope you find this information useful. If you have any questions or would like to have a sales representative contact you, please call us at 800-iQ-ROBOT or email us at: marketing@fanucrobotics.com.



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Take Advantage of the Economic Stimulus Package – Examples

Example #1: Capital asset purchase of \$400,000, and useful life of 5 years.

	2009 American Recovery & Reinvestment Act	Old Law
Purchase price	\$400,000	\$400,000
Sec 179 deduction	\$250,000	\$128,000
50% bonus depreciation	\$75,000	
First year MACRS*	\$15,000	\$54,400
Total first year tax deduction	\$340,000	\$182,400
Greater tax deduction	86%	
Tax deferral	\$53,584	

Example #2: Capital asset purchase of \$200,000, and useful life of 5 years.

	2009 American Recovery & Reinvestment Act	Old Law
Purchase price	\$200,000	\$200,000
Sec 179 deduction	\$200,000	\$128,000
50% bonus depreciation	-	
First year MACRS*	-	\$14,400
Total first year tax deduction	\$200,000	\$142,400
Greater tax deduction	40%	
Tax deferral	\$19,584	

Example #3: Capital asset purchase of \$850,000, and useful life of 5 years.

	2009 American Recovery & Reinvestment Act	Old Law
Purchase price	\$850,000	\$850,000
Sec 179 deduction	\$200,000	
50% bonus depreciation	\$325,000	
First year MACRS*	\$65,000	\$170,000
Total first year tax deduction	\$590,000	\$170,000
Greater tax deduction	247%	
Tax deferral	\$142,800	

*These examples use the Modified Accelerated Cost Recovery System (MACRS), and a 34% income tax rate, and assume taxable income to the extent of the total first year tax deduction.

Note: The expanded Section 179 deduction value is reduced dollar for dollar on all capital asset purchases over \$800,000. For all capital purchases over \$1,050,000 the Section 179 deduction is -0-.