



# 2021 tax incentives for business equipment purchases

Maximize the benefits of the new tax incentives available to companies that invest in equipment and software. Here are the highlights:

## The monetary limits

For the tax year 2021, businesses that purchase \$2,620,000 or less in eligible equipment can deduct up to \$1,050,000 of that expense.

## Bonus depreciation

Once the Section 179 limit has been reached, bonus depreciation kicks in. With bonus depreciation, customers can deduct a substantial portion of an asset's cost in the first year instead of depreciating the cost over many years. If they have purchased over \$2,620,000 in new or used equipment, they can depreciate 100% of the asset in the first year. These rules are in effect until January 1, 2023.

## Now is the perfect time to acquire equipment

Section 179 of the IRS tax code lets businesses deduct the full purchase price of the qualifying equipment financed during the tax year, up to \$1,050,000. Bonus depreciation is also available to those who purchase over \$2,620,000 in qualifying equipment!

Instead of depreciating newly acquired equipment over several years, customers can take the full deduction now and save real money on their bottom line. Customers just need to purchase your equipment and have it in service by the end of the calendar year.

## Examples

Whether your business is small or large, the tax savings can be substantial. Here are examples\*:

Equipment cost of \$20,000		Equipment cost of \$200,000	
Section 179 Deduction <i>Maximum deduction = \$1,050,000</i>	\$20,000	Section 179 Deduction <i>Maximum deduction = \$1,050,000</i>	\$200,000
Total 1 <sup>st</sup> Year Deduction	\$20,000	Total 1 <sup>st</sup> Year Deduction	\$200,000
Tax Savings <i>Assuming 2021 tax rate of 21%</i>	\$4,200	Tax Savings <i>Assuming 2021 tax rate of 21%</i>	\$42,000
Net Cost	\$15,800	Net Cost	\$158,000

## About CIT

Equipment finance is part of CIT's Business Capital division and works with manufacturers, franchisors, distributors, resellers, dealers and systems integrators to finance their equipment, software and services to commercial customers.

CIT is a leading national bank focused on empowering businesses and personal savers with the financial agility to navigate their goals. CIT Group Inc. (NYSE: CIT) is a financial holding company with over a century of experience, and operates a principal bank subsidiary, CIT Bank, N.A. (Member FDIC, Equal Housing Lender).

## Contact

Sergio Lo Grande  
Branch Manager  
V: (310) 214-7941  
E: [sergio.logrande@cit.com](mailto:sergio.logrande@cit.com)

## Apply today:

<https://onewestbank.directcapital.com/?salesrepemail=sergio.logrande@cit.com>

@CITgroup

There are other rules associated with the tax laws in these examples. Please consult your tax and accounting advisors. CIT does not offer or provide tax or accounting advice. The above example cannot be relied on as tax advice or that you are entitled to the deductions or depreciation. Be sure to consult a tax advisor to confirm how to use financing to best take advantage of this very generous incentive. Contact your CIT Sales Representative to learn more about your finance options. All transactions are subject to CIT credit and documentation requirements and approval. ©2021 CIT Group Inc. All rights reserved. CIT and the CIT logo are registered trademarks of CIT Group Inc. MM#10418