If thinking of purchasing equipment, an IRS Section 179 provision that changes Dec. 31 can help you justify buying or leasing it before then. If not considering acquiring equipment, now may be a good time to do so if it fits a business model.

A featured article in the November issue of the Nebraska Cattleman magazine explores this topic.

Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that anyone buying (or leasing) a piece of qualifying equipment, can deduct the full purchase price from their gross income. It's an incentive to encourage businesses to buy equipment and invest in themselves. The Section 179 deduction can meet business owner expectations if the proper planning is done in advance.

When a business buys certain items of equipment, it typically gets to write them off a little at a time through depreciation. In other words, for example, if a company spends $50,000 on a machine for agricultural use, it gets to write off the $50,000 over seven years. But the purpose behind Section 179 is to motivate businesses to add more equipment this year. For most small businesses adding equipment, software and vehicles totaling less than $500,000 in 2011, the entire cost can be written off on the 2011 tax return.

If purchasing a 100,000 piece of equipment, the entire cost can be deducted on the 2011 tax return. Assuming a 35 percent tax rate, the cost for the $100,000 equipment would be $65,000.

"This is a good example," says Kyle Gifford, a member in Gifford & Cox, LLC, an accounting firm in North Platte that is a NC Associate Member. "With section 179 and a bonus provision, customers can get two good tax answers in 2011."

The article goes on to outline other provisions which can benefit livestock and crop producers.

For example, designed with businesses in mind, almost all types of "business equipment" qualify for the Section 179 deduction. Regarding vehicles, generally, the vehicle must have a gross vehicle weight (GVW) in excess of 6,000 pounds.

Also, the equipment must be purchased and put into use between Jan. 1, 2011 and Dec. 31, 2011. For example, buildings must be completed by Dec. 31, not just purchased.

In addition, the November magazine includes these other features: NC Convention schedule and registration; How per capita consumption versus demand affects our industry; Corn: sell it or feed it?; Beef Industry Employment 101–be diligent in how you classify and report agricultural employees; and more.

The entire magazine is online at www.nebraskacattlemen.org, just click on the icon at the bottom of the home page.

The Nebraska Cattlemen association serves as the representative for the state's beef cattle industry and represents professional cattle breeders, ranchers and feeders, as well as county and local cattlemen's associations. Its headquarters are in Lincoln and second office in Alliance serves cattlemen in western Nebraska.