

SERVICES: FINANCING YOUR DREAM OFFICE

Starting up, expanding your team or moving to a larger space are positive growing pains that may need a little push to get you started. We work with several financing companies on a regular basis to provide you with an office furniture lease-finance package for any need.

**Office
Furniture** **NOW!**

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When you're dreaming big, it helps to have the right support team in place. Funding your business venture is a big step.

At Office Furniture NOW!, we partner with several lenders on a regular basis to provide you with clear options to get you started on the workspace of your dreams.

We find that the simpler the solution, the easier the problem solved. Our team is knowledgeable and experienced in finding the best solutions for your business resources. Relocating, rapid growth, disaster relief or simply updating your work environment are just a few scenarios where financing can help you get things done.

Furnish Your Office Without Using Your Capital

Most financing requires a large down payment, where a lease requires only a minimal advance deposit. This gives you more options for your startup to obtain the equipment necessary for immediate use with little cash outlay and low monthly fees.

Protect Your Lines of Credit

A lease does not affect your bank borrowing power, allowing you to preserve those funds for other business opportunities or needs.

Boost Talent Acquisition

Keeping your office design and furnishings ahead of the curve is important for talent acquisition and retention. Leasing allows you to acquire the latest equipment at an affordable cost. You can then produce the high performance office needed for maximum productivity.

Design For The Future

Technology and office furniture are constantly evolving. The way we work is changing. A lease can be structured to match

the life "usefulness" of the equipment. For instance, if you want to try out some height-adjustable workstations, this is a great way to do it.

Save on Additional Costs

A lease not only covers the equipment's cost, but can also include expenses, such as delivery and installation.

Take Advantage IRS Section 179 Tax Write-Off

A lease payment is made with pre-tax dollars, while a cash purchase is made with after-tax dollars.

A lease payment can qualify as an expense, which will reduce taxable income and your tax burden. Right now there is an additional tax incentive. The federal government, through IRS Section 179, is offering accelerated depreciation opportunities for US companies that purchase new and used equipment.

Section 179 Deduction: Section 179 does come with limits – there are caps to the total amount written off (\$1,040,000 for 2020), and limits to the total amount of the equipment purchased (\$2,590,000 in 2020). The deduction begins to phase out on a dollar-for-dollar basis after \$2,590,000 is spent by a given business (thus, the entire deduction goes away once \$3,630,000 in purchases is reached), so this makes it a true small and medium-sized business deduction.

2020 Section 179 At A Glance:

• 2020 Deduction Limit + \$1,040,000

This deduction is good on new and used equipment, as well as off-the-shelf software. To take the deduction for tax year 2020, the equipment must be financed or purchased and put into service between January 1, 2020 and the end of the day on December 31, 2020.

- **2020 Spending Cap on equipment purchases = \$2,590,000**

This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced on a dollar for dollar basis. This spending cap makes Section 179 a true "small business tax incentive" (because larger businesses that spend more than \$3,630,000 on equipment won't get the deduction.)

- **Bonus Depreciation: 100% for 2020**

Bonus Depreciation is generally taken after the Section 179 Spending Cap is reached. The Bonus Depreciation is available for both new and used equipment.

2020 Section 179 Example Calculation	
Equipment Purchases:	\$ 1,150,000
First Year Write Off: <small>(\$1,000,000 = maximum in 2018)</small>	\$ 1,000,000
100% Bonus First Year Depreciation: <small>(updated to 100% via 'Tax Cuts and Jobs Act')</small>	\$ 150,000
Normal First Year Depreciation: <small>(20% in each of 5yrs on remaining amount)</small>	\$ 0
Total First Year Deduction: <small>(\$1,000,000 + 150,000 + 0)</small>	\$ 1,150,000
Cash Savings: <small>(\$1,150,000 x 35% tax rate)</small>	\$ 402,500
Equipment cost after Tax: <small>(assuming a 35% tax bracket)</small>	\$ 747,500

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Who Qualifies for Section 179?

- All businesses that purchase, finance, and/or lease new or used business equipment during tax year 2020 should qualify for the Section 179 Deduction (assuming they spend less than \$3,630,000).
- Most tangible goods used by American businesses, including "off-the-shelf" software and business-use vehicles (restrictions apply) qualify for the Section 179 Deduction.
- For basic guidelines on what property is covered under the Section 179 tax code, please refer to this list of qualifying equipment. Also, to qualify for the Section 179 Deduction,

the equipment and/or software purchased or financed must be placed into service between January 1, 2020 and December 31, 2020.

- For 2020, \$1,040,000 of assets can be expensed; that amount phases out dollar for dollar when \$2,590,000 of qualified assets are placed in service.

What Is The Difference Between Section 179 & Bonus Depreciation?

Bonus depreciation is offered some years, and some years it isn't. **Right now in 2020, it's being offered at 100%.**

The most important difference is *both new and used equipment qualify for the Section 179 Deduction* (as long as the used equipment is "new to you"), while Bonus Depreciation has only covered new equipment only until the most recent tax law passed. In a switch from recent years, the bonus depreciation now includes used equipment.

Bonus Depreciation is useful to very large businesses spending more than the Section 179 Spending Cap (currently \$2,590,000) on new capital equipment. Also, businesses with a net loss are still qualified to deduct some of the cost of new equipment and carry-forward the loss.

When applying these provisions, Section 179 is generally taken first, followed by Bonus Depreciation – unless the business had no taxable profit, because the unprofitable business is allowed to carry the loss forward to future years.

Simplify Accounting

Since an office furniture lease payment can be an expense, it is listed on your income statement as such and is not shown as an asset or liability on the balance statement.

Lock-in Payment

Unlike bank lines and adjustable rate loans, payments for leasing office furniture are fixed for the term of the lease and are not affected by market conditions. A lease cannot be called early, as a bank can do on a loan. A fixed payment also protects against inflation.

Visit our website, fill out the [Financing Application](#) and let us get you qualified to launch your big dream.

CONTACT US FOR MORE INFORMATION ABOUT FINANCING YOUR DREAM OFFICE