

Depreciation on a New Combine

Objective: Maximize first year deductions

A. Cost basis	\$ 200,000
B. Section 179 deduction	\$ 100,000
C. Remaining basis	\$ 100,000
D. Bonus depreciation (50% X C)	\$ 50,000
E. Balance to be depreciated (7 years)	\$ 50,000
F. 150% DB -- first-year depreciation (10.71% X E)	\$ 5,355
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G. Total depreciation for 2003 tax year (B+D+F)	\$ 155,355
H. Depreciation in 2004 (19.13% X E)	\$ 9,565
I. Depreciation in 2005 (15.03% X E)	\$ 7,515
J. Depreciation in 2006 (12.25% X E)	\$ 6,125
K. Depreciation in 2007 (12.25% X E)	\$ 6,125
L. Depreciation in 2008 (12.25% X E)	\$ 6,125
M. Depreciation in 2009 (12.25% X E)	\$ 6,125
N. Depreciation in 2010 (6.13% X E)	\$ 3,065
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O. Total lifetime depreciation	\$ 200,000