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To Benefit From 2009 Tax Incentives, New Equipment Must Be Rolling By End of the Year!

Let's face it - we're all thinking about ways to save money - from eating out less to delaying that major home or auto purchase - belts are tightening everywhere.

Your business is no different!

You have two opportunities to save money right now with the purchase of a motorized drive roller (MDR) system. You'll not only see a significant reduction in energy consumption from your conveyor system, you'll also benefit from the hefty tax deductions you can take on capital expenditures through the American Recovery & Reinvestment Act of 2009. What's not to love about that?

Opportunity Knocks -Save With The 2009 Tax Incentives

The new and improved Internal Revenue Section 179 is one of the best business tax breaks we've seen in a long while. However, you only have until December 31, 2009 to purchase, install and place qualifying equipment into service. So if you're thinking about purchasing an MDR system to improve operational efficiency, it's time to act. A new system can still be specified, installed, tested and implemented before year's end. But don't delay-the tax benefits drop significantly in 2010. He who hesitates is lost!

These tax incentives began in 2008 and have been considerably increased for 2009. You don't want to miss the opportunity to get an additional depreciation deduction on qualifying equipment investments this year. The allowance is an additional deduction of 50%, in addition to the standard depreciation known as MACRS (Modified Accelerated Cost Recovery System). For commercial taxpayers who have qualifying business equipment (a.k.a.- "the right stuff") may be able to deduct up to \$250,000 of the value of the equipment with a cap on the amount of equipment of \$800,000. (In 2010, the deduction is reduced to \$128,000 on equipment purchases up to \$510,000.) So don't wait to reap the benefits of these incentives. Here's an example of how much you could save this year on a new conveyor system purchase totaling \$150,000:

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DEPRECIATION EXAMPLE:

Equipment Purchase: \$150,000

1st Year Depreciation (50%): \$75,000

Regular Depreciation (14%) on Remaining Property Basis of \$75,000: \$10,500

Total 2009 Deduction* on \$150,000 equipment purchase: \$85,500

Additional Expensing for Small Businesses: Small businesses can also expense the first \$250,000 for 2009 tax year on new equipment purchases up to \$800,000. The 50% bonus depreciation applies to the remaining property basis.

EXPENSE EXAMPLE:

Equipment Purchase (max. \$250,000 exp.) \$425,000
1st Year Depreciation (50%) on Remaining Property Basis of \$175,000: \$87,500
Regular Depreciation (14%) on Remaining 1st Year Basis of \$87,500: \$12,250

Total 2009 Deduction* on \$425,000 equipment purchase: \$349,750

**Examples assume 7-year asset depreciation. Consult your financial advisor for specific qualifications.*

So, pick up the phone - NOW -and check with your tax advisor to determine if you qualify for these types of deductions. Do not wait to strike till the iron is hot; but make it hot by striking.-William B. Sprague

But Wait-There's More...

Not only can you save money with the tax deductions available on qualifying equipment this year – you can also choose to save energy and, in turn, energy costs by taking advantage of new technology. The way to gain this additional savings on a new conveyor system is through the use of Motorized Drive Roller (MDR) technology.

Typically, traditional accumulation conveyors are constantly running and using up valuable energy even when product is not being conveyed. MDR conveyor rollers have their own internal motors and run only when needed. Additionally, each roller controls a small zone of free-turning rollers. This segment is typically as long as the length of your shipping container so only the necessary rollers are supplied with electricity. How smart is that? The efficient gearbox design also reduces energy because it requires less torque for operation.

As a result, rollers can drive more weight using less torque.

MDR conveyor sections are modular, both mechanically and electrically. Instead of having a single 100 ft. accumulation conveyor with a big 5HP, 480-v gear motor and its own air feed drop, you can now have 10 sections of 10-ft. modular accumulation conveyor that easily connect. You don't need air piping, and your power source can be as simple as plugging into a standard 120-v household wall receptacle. These numerous energy-saving factors can reduce conveyor system energy use by up to 70%. Save Green and Be Green Simultaneously

Talk about multi-tasking!

Between the improved tax incentives and the energy savings, a new MDR conveyor system will quickly pay for itself. In addition, you'll realize improved productivity, efficiency and other operational savings.

About the Author

David Sellers has 10+ years experience in automated materials handling, most of which has been "on the factory floor" designing and implementing conveyor control systems. He is currently the Production Manager for Insight Automation; the proven leader in innovative control system solutions for materials handling applications. Dave can be reached by email at dsellers@insightautomation.cc or by phone at 1-800-764-6356

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