Enhanced Tax Benefits are available through December 31, 2012 for the purchase of qualifying capital goods. **

The Small Business Jobs Act of 2010 and recent amendments contained in the 2010 Tax Relief Act, for M.A.C.R.S eligible property, may allow your customer to accelerate their depreciation deduction. In addition, this can potentially generate tax savings that add more money to your bottom line – sooner. ** Specifically, 100% expensing is currently in effect for eligible capital purchases – through December 31, 2011. The recent changes dictate different treatment, depending upon the timing of capital acquisitions. Examples on the following page detail treatment for acquisitions made during the following time-frames:

- January 1, 2010 – September 8, 2010
- September 9, 2010 – December 31, 2011
- January 1, 2012 – December 31, 2012

If you would like more details, please contact your Toro distributor at
1-800-803-8676 ext. 147

<u>Please consult with your tax advisor for actual deductions for your business.</u>**

<u>The examples provided are for discussion purposes only.</u>

See reverse side for examples of potential accelerated tax savings.

Example # 1 - $750,000 purchase between January 1 and Sept 8, 2010 – utilizing enhanced Section 179 direct expensing, 50% "Bonus Depreciation" (50% 1st year acceleration) and regular MACRS

- Assumes total capital purchases do not exceed $2,000,000

Action	2010 Deduction
1. Using Section 179 direct expensing: Qualify for maximum deduction Adjust basis – ($750,000 - $500,000) = $250,000	$500,000
2. Applying 50% "Bonus Depreciation" to adjusted basis ($250,000 X 50%) = $125,000 Adjusted basis – ($250,000 - $125,000) = $125,000*	$125,000
3. Applying regular MACRS table to 7 year property ($125,000 X 14.29%) = $17,862.50	$17,862.50
4. Total first year tax deduction	$642,862.50 (85.7% of purchase price)
5. Potential Tax Savings (assuming 34% marginal corporate tax rate)	$218,573.25

Example # 2 - $750,000 purchase occurring between September 9, 2010 and December 31, 2011

- All eligible purchases qualify for 100% expensing for the tax year of purchase

Action	2011 Deduction
100% expensing for tax year of purchase	$750,000
1. Total first year deduction	$750,000
2. Potential tax savings (assuming 34% marginal corporate tax rate)	$255,000

Example # 3 - $750,000 purchase occurring between January 1, 2012 and December 31, 2012

Action	2011 Deduction
This amount would exceed the amount qualifying for Section 179 expensing $125,000 maximum – with $500,000 "trigger point – fully exhausted at $625,000	$0
Applying 50% "Bonus Depreciation" to full purchase price Adjusted basis – ($750,000 - $375,000) = $375,000*	$375,000
1. Applying regular MACRS table to 7 year property ($375,000 X 14.29%) = $53,587.50	$53,587.50
2. Total first year tax deduction	$428,587.50 (57.1% of purchase price)
3. Potential Tax Savings (assuming 34% marginal corporate tax rate)	$145,719.75

Notes –

- * Basis will remain the same for subsequent tax years
- **<u>**Please consult your tax advisor for actual deductions for your business</u>**
- Net income must be equal or greater than amount of the deduction
- Unless modified by Congress, Section 179 direct expensing for 2013 and beyond will revert to $25,000 and the "trigger point" will be reduced to $200,000. Deduction will be exhausted when purchases reach $225,000

TORO. Count on it.