

Tax Considerations – Moveable Walls vs. Dry Wall

Moveable Walls

Ordinary Write-off Period 7 years
Qualifies for Section 179 Write-off
Qualifies for Special First Year Depreciation
Qualifies MACRS Accelerated Depreciation
Subject to ordinary sales tax

Dry Walls

Ordinary Write-off Period 39 years
Does Not Qualify for Section 179 Write-off
Does Not Qualify for Special First Year Depreciation
Does Not Qualify for MACRS
Sales Tax “Exempt”

Example (Assuming Qualifies for Section 179 Write-off)

	<u>Dry Wall</u>	<u>Moveable Wall</u>
Installed Cost	40,000	40,000
Section 179 Write-off	0	9,600
Special Depreciation Allowance	0	15,200
Regular Depreciation	556	2,172
	=====	=====
Total 1 st Year Write-off	556	26,972
Tax Savings @34% Corp. Rate	189	9,170
Sales Tax (6%)	0	2,400
	=====	=====
Net 1 st Year Tax Savings	189	6,770

*Information Based on Current Tax Laws and Information provided 2004.