

# WHAT YOU NEED TO KNOW

## TAX CUTS AND JOBS ACT: SECTION 179

### ! BE INFORMED

Section 179 of the Tax Cuts and Jobs Act of 2017 allows for HVAC products to be expensed in their first year rather than depreciated over a 39-year period. Johnson Controls is ready to educate building owners about how they can benefit from the opportunity this bill creates.

### ★ SECTION 179 PROVIDES SIGNIFICANT BENEFITS



Section 179 allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year.



The final Tax Reform bill includes a provision expanding Section 179 to cover HVAC, fire protection, alarm systems and security systems.



The Tax Reform bill increases the dollar cap from \$500,000 to \$1 million while increasing the cost of property subject to the phaseout from \$2 million to \$2.5 million.



### JOHNSON CONTROLS OFFERS A FULL LINE OF QUALIFYING PRODUCTS

Johnson Controls has a full line of HVAC equipment that qualifies through Section 179. We can help you explore options in updating, upgrading and retrofitting your HVAC system. These upgrades can result in immediate 2018 tax benefits, as well as tax benefits over the course of the next five years.

- Packaged Cooling and Heating Rooftop Units

- Packaged Heat Pump Rooftop Units

- Commercial Split System Evaporator Blowers

- Commercial Split System Air Conditioners

- Commercial Split System Heat Pumps

- Energy Recovery Ventilators

- Control Systems

## + HOW TO CALCULATE

Typically, deductions are taken on an item-by-item basis and don't need to be used on all eligible property bought during the tax year. Equipment must be purchased, installed and in use by midnight, December 31, 2018, to deduct the full price on your 2018 taxes.

Below are a few examples that demonstrate how Section 179 could save your business money by investing now. Actual costs may be impacted by variables including regional pricing differences. Consult your tax or accounting specialist to determine your potential savings and eligibility.

### EXAMPLE 1: RENTAL PROPERTY



4 units at 900 square feet each  
Cost to install multiple 1.5-ton split systems = \$20,000

TAX SAVINGS = **\$7,000\***

### EXAMPLE 2: RESTAURANT



12,000 square feet  
Cost to install rooftop units and controls equipment = \$82,000

TAX SAVINGS = **\$28,700\***

### EXAMPLE 3: RETAIL/COMMERCIAL



24,000 square feet  
Cost to install air-cooled chiller equipment = \$93,000

TAX SAVINGS = **\$32,550\***

### EXAMPLE 4: MEDICAL OFFICE/CLINIC



6,000 square feet  
Cost to install rooftop unit = \$12,000

TAX SAVINGS = **\$4,200\***

\*Utilizing 2018 Section 179 Tax Deduction Calculator; variances in individual business tax information may apply and differentiate savings. For more information, visit [Congress.gov/bill/115th-congress/house-bill/1/text](http://Congress.gov/bill/115th-congress/house-bill/1/text) and refer to sections 13101 and 13201 for details on new small business reforms. Also visit [www.IRS.gov](http://www.IRS.gov) to learn how the new tax code affects your business.

## ▶ HOW TO APPLY

Learn more about how Section 179 helps you update and upgrade building HVAC equipment and how to apply for Section 179 at **[Section179.org](http://Section179.org)**.

**Contact your local Johnson Controls distributor or sales representative for information about HVAC equipment purchases.**