

TAX BENEFITS OF MODULAR ARCHITECTURAL INTERIORS



Depreciation is an income tax deduction that allows a business to take an annual allowance for the wear and tear of a property, and this deduction is spread out over the useful life of an item as determined by the IRS (see IRS Depreciation Schedule below).

Traditionally, companies created private offices and conference rooms by constructing drywall. Because drywall is considered a permanent fixture of a building, they are depreciated like a building—over 39 years! This means significantly less depreciation deductions and therefore, higher taxes each year.

MAI offers tax-saving alternative—modular architectural interiors. Because our (floor-to-ceiling) walls can move easily to create new spaces, the IRS treats them as furniture. This means that companies can depreciate MAI products in seven years, allowing for greater depreciation deductions for a more efficient cost savings sooner than a traditional build-out.¹

IRS DEPRECIATION SCHEDULE

Property	Useful Life
Computers	5 Years
Furniture	7 Years
Buildings	39 Years

Source: IRS Publication 946

ADDITIONAL DEDUCTIONS

Save on your income tax with MAI's modular office furniture systems!

American Recovery and Reinvestment Act of 2009

In February 2009, Congress approved special depreciation and expensing rules for property. These provisions give incentives for businesses to purchase capital assets to stimulate the economy. The most important of these provisions relate to increased first year depreciation for businesses called Enhanced Section 179 Deduction and 50% Bonus Depreciation.

Enhanced Section 179 Deduction

Up until now, businesses could accumulate all of their purchases of depreciable assets, and take a first year depreciation deduction of up to \$125,000 regardless of the useful life of the asset. The Enhanced Section 179 Deduction extends this deduction to \$500,000.

50% Bonus Depreciation

A company can take an additional depreciation deduction of 50% of the purchase price in the year of purchase. This deduction has no limitation.

¹ For further guidance on taking advantage of tax benefits, be sure to consult your tax professionals.