Section 179 Tax Benefits

Section 179

Applicable purchases of $ $1,000,000 can now be written off during the tax year they are purchased and put to use. In contrast, conventional building methods, or “stick built”

Construction Depreciation

A highly reputable accounting firm Grant Thorton® rendered an opinion of the wall systems with regards to depreciation and its classification. In general, by definition (which has remained consistent over the years), the product is considered equipment and depreciates accordingly. Thus allowing a company to completely write off the expenditure over 5 times faster than typical construction.

How does this advantage affect the cost?

With current tax laws, the bottom line is that conventional construction’s initial cost would need to be over 32% less to match the tax advantages of Panel Built’s product. The following breakdown illustrates this and lists the assumptions.

Assumption

- Maximum corporate tax is 21%
- Panel Built’s product qualifies for 7 year depreciation, yearly write off is 14.3% (1/7 project cost)
- Construction depreciation is 39 years, yearly write off is 2.6% (1/39)
- After seven years Panel Built’s building is completely written off, while only 17.9% of conventional is written off.
- Using the above tax (21%) to determine a projects true cost, Panel Built’s product returns 21% in tax savings to the company where conventional returns only 4% (17.9% x 21%) in the first seven years. (100% -21%) = 79% modular cost = 96% conventional cost x (Y being the cost difference) Y = .790 Conclusion, Panel Built has a 17% price advantage.

PANEL BUILT INCORPORATED

1-800-636-3873
info@PanelBuilt.com
www.PanelBuilt.com