



Tax Benefits of NxtWall’s Demountable Wall System

The combination of Section 179 of the IRS tax code and bonus depreciation allow businesses to deduct the full purchase price of NxtWall demountable walls during the current tax year. It’s an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves.

Furniture, fixtures and NxtWall demountable walls qualify for the Section 179 deduction. The use of the Section 179 deduction allows a company to expense 100% of the wall’s cost in the first year, up to \$1,080,000 with a total equipment spending limit of \$2.7 million. This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced on a dollar for dollar basis. This spending cap makes Section 179 a true “small business tax incentive” because larger businesses that spend more than \$3,780,000 on equipment won’t get the deduction. Bonus Depreciation is 100% for 2022. Bonus Depreciation is generally taken after the Section 179 Spending Cap is reached.

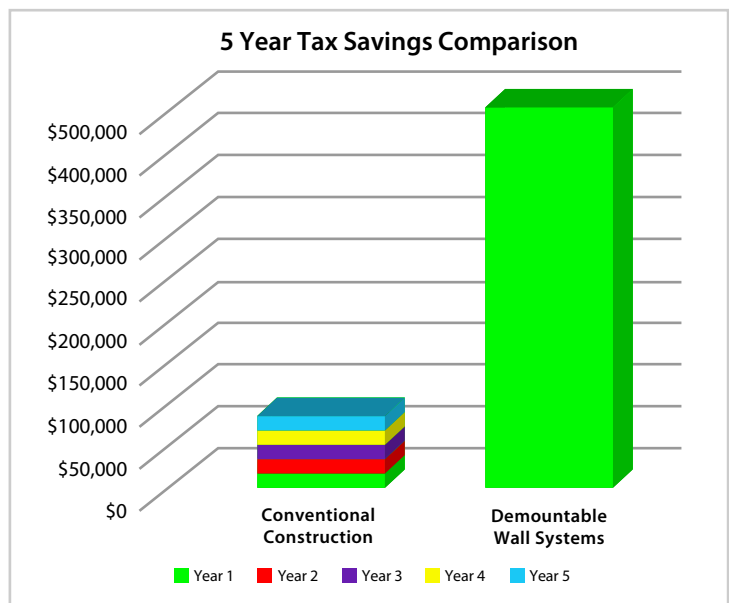
An example of how this tax break might impact your business is as follows: Company A is having a profitable year with a net income of \$100,000 which will be declared on their 2022 corporate tax return. They are in a 35% tax bracket, and will, therefore, owe the IRS \$35,000 for corporate taxes for 2022. But if they purchase \$100,000 of demountable walls from NxtWall, they can take a 100% depreciate on this purchase on their 2022 corporate tax return. Under Section 179 of the Tax Code, Company A will have a depreciate expense of \$100,000.

**\$100,000 in net income - \$100,000 in depreciation expense = \$0 in net income.
\$0 in net income = \$0 in tax dollars owed to the IRS and therefore,
Company A saved \$35,000.**

Possible tax savings when using Section 179 of the IRS Tax Code with the purchase of NxtWall’s demountable walls assuming a purchase of \$1,300,000 and a 35% tax bracket:

NxtWall Tax Deduction Example

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| Cost of Wall Systems: | \$1,300,000 |
| Section 179 Deduction: ((\$1,080,000 = Maximum) | \$1,080,000 |
| Bonus Depreciation Deduction: (Up to 100% via ‘Tax Cuts & Jobs Act’) | \$220,000 |
| Normal First Year Depreciation: (20% in each of 5yrs on remaining amount) | - |
| Total First Year Depreciation: (\$1,080,000 + \$220,000 + 0) | \$1,300,000 |
| First Year Cash Savings (\$1,300,000 x 35% tax rate) | \$455,000 |
| First Year Cash Requirement (after tax savings) | \$845,000 |



Visit www.nxtwall.com to view **NxtWall’s online tax savings calculator for 2022.**
See what your tax savings could be on your NxtWall wall system project today!

* Tax rules are complex and depend on your individual situation. The NxtWall Tax Saving Calculator is for illustrative purposes only. Information shown with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. Consult your tax advisor to see how financing and Section 179 can benefit you.