



# A Guide to Maximizing Your Business Tax Benefits with Section 179

When it comes to reducing your dental lab's tax liability, Section 179 can be a game-changer. This tax provision allows you to deduct the cost of certain assets immediately, providing a significant tax benefit. In this guide, we'll dive into what Section 179 is and how your lab can make the most of it and explain why it's a tax benefit.

## **IMMEDIATE DEDUCTION:**

Section 179 allows dental laboratories to deduct the full purchase price of qualifying assets in the year they are placed in service. This provides an immediate tax benefit rather than spreading deductions over several years through depreciation.

## **ASSET TYPES:**

It applies to tangible personal property used for business purposes, such as machinery, vehicles, computers, and equipment. Real estate and non-qualifying assets are generally excluded.

## **ANNUAL LIMITS:**

There are annual limits on the total amount a business can deduct under Section 179. In the 2025 tax year (taxes filed in 2026), the maximum deduction under Section 179 will be \$2,500,000.

## **PHASE-OUT THRESHOLD:**

Section 179 deductions begin to phase out if a business purchases more than a certain total amount of qualifying assets in a tax year. This phase-out threshold was adjusted to \$4,000,000 for 2025.

## **SMALL BUSINESS BENEFIT:**

Section 179 is often seen as a tax benefit for small- and medium-sized businesses, as it can provide significant tax relief for their capital expenditures, specifically new CAD/CAM equipment.

## **TAX PLANNING:**

Dental labs can use Section 179 strategically for tax planning purposes, such as reducing their taxable income in profitable years.

## **IRS COMPLIANCE:**

To claim Section 179 deductions, businesses must meet certain IRS guidelines, including using the assets primarily for business purposes in the year of purchase.

It's important to note that tax laws and regulations can change over time, so it's advisable to consult with a tax professional or the IRS website to get the most up-to-date information and guidance on how Section 179 may apply to your specific situation. Section 179 can be a powerful tool for businesses seeking to maximize tax benefits and invest in growth.