MOTOROLA

The Economic Stimulus Act (ESA) of 2008

Put Motorola products and solutions to work in your company… and reduce your 2008 tax bill

Help reduce your taxes, enhance your cash flow and maximize your return on investment for Motorola products and solutions with the Economic Stimulus Act of 2008.

When you invest in Motorola products and solutions, you give mobile workers inside and outside the enterprise the tools they need to get the job done — right on the spot. And the resulting improvement in efficiency and effectiveness improves productivity, customer service, customer retention…and sales.

Now, the Economic Stimulus Act (ESA) of 2008 offers generous additional tax writeoffs for equipment purchased in 2008, delivering an additional benefit. Due to an increase in expense and depreciation limits, more of the money you spend on Motorola products and solutions can be deducted from your taxable income, helping to deliver an immediate bottom line tax savings…maximizing return on investment…and enhanced cash flow.

To take advantage of the 2008 Economic Stimulus Act tax benefits, Motorola products and solutions must be purchased and in service by December 31, 2008.

There has never been a better time to purchase Motorola products and solutions — the more you spend, the more you save.

Two ways to save

ESA 2008 offers two incentives that can be used individually or in combination to maximize your savings:

Section 179 Expense

What is it?
Large equipment purchases are traditionally depreciated over a period of years. But with Section 179, businesses can elect to expense equipment in a single tax year instead of spreading the deduction over a number of years, effectively reducing tax liability and increasing cash flow.

Standard tax laws (as of 2007) allow up to $128,000 to be expensed in one tax year, provided the total of all qualifying property does not exceed $510,000. For every dollar spent over $510,000, the $128,000 expense limitation is reduced by a dollar — limiting the tax benefits of larger purchases. As a result, purchases over $638,000 ($128,000 + $510,000) are not eligible for any Section 179 benefits.

The new 2008 ESA Section 179 incentive
For tax year 2008 only, the Section 179 expense limit has been increased by 95 percent — from $128,000 to $250,000. The total purchase limits were also raised from $510,000 to $800,000 — an increase of 56 percent. As a result, businesses can nearly double the allowable expense associated with capital equipment purchases. And larger purchases — up to $1,050,000 — are now eligible.

What are the rules?
Qualified property for Section 179 is defined as new or used equipment, machinery and other depreciable tangible personal property that is purchased for use in the active conduct of trade or business.

Special Depreciation Allowance

What is it?
A temporary special bonus depreciation allowance in 2008 allows businesses to further maximize tax savings in 2008 by increasing allowable depreciation to 50 percent for the first year, regardless of the standard depreciation schedule — in addition to the standard first year depreciation. And the Special Depreciation Allowance can be utilized in combination with qualifying Section 179 equipment purchases to maximize tax savings on large equipment purchases in 2008.

What are the rules?
To take advantage of this tax incentive:

- Property must be new – the original use of the property must begin with you after December 31, 2007 and before January 1, 2009
- Property must be eligible for depreciation under the Modified Accelerated Cost Recovery system (MACRS) with a recovery period of 20 years or less
- Property must be purchased and placed in service after December 31, 2007 and before January 1, 2009

What can I buy?

Any Motorola equipment meeting the above tests can take advantage of the increased one-time 2008 Section 179 increased limits as well as the Special Depreciation Allowance, including two-way radios, mobile computers, RFID readers, wireless LAN infrastructure, bar code scanners and wireless broadband equipment.

Is there a downside?

The only potential downside is that the more you depreciate now, the less you may have to depreciate next year, which could result in a higher future tax bill. Your accountant can help you best assess whether it is best for your company to pocket all the tax savings up front or over a number of years, and whether the substantially larger deductions could reduce your tax bracket for even greater tax savings.

Do the math*

The following chart illustrates the potential impact of ESA 2008 on purchases of $250,000 and $500,000 for equipment that is depreciable under MACRS for five years.

$250,000 Purchase	With 2008 ESA	Standard 2007 Limits
Total equipment purchase price	250,000	250,000
Section 179 deduction[1]	250,000	128,000
Basis after section 179 deduction	0	122,000
Special depreciation allowance[2]	0	0
Basis after special depreciation	0	122,000
Standard 1st year depreciation (20%)[3]	0	24,400
New basis for depreciation going forward	0	97,600
Writeoff in 2008	**250,000**	**152,400**
Percent expensed in 2008	**100%**	**61%**
Additional expense writeoff with 2008 ESA	**97,600**	

$500,000 Purchase	With 2008 ESA	Standard 2007 Limits
Total equipment purchase price	500,000	500,000
Section 179 deduction[1]	250,000	128,000
Basis after section 179 deduction	250,000	372,000
Special depreciation allowance[2]	125,000	0
Basis after special depreciation	125,000	372,000
Standard 1st year depreciation (20%)[3]	25,000	74,400
New basis for depreciation going forward	100,000	297,600
Writeoff in 2008	**400,000**	**202,400**
Percent expensed in 2008	**80%**	**40%**
Additional expense writeoff with 2008 ESA	**197,600**	

1. Standard deduction is $128,000; one time 2008 deduction increase under ESA 2008 is $250,000
2. One time 50 percent deduction under ESA 2008
3. For standard MACRS property qualifying for a five-year depreciation schedule using the following general depreciation system: 200% declining balance switching to straight line

* For illustrative purposes only.

To qualify for these special tax incentives, equipment must be purchased and in service by 12/31/08.

Contact your Motorola salesperson for more information on how Motorola mobility solutions can help improve your operational efficiency — and reduce your 2008 tax bill.

motorola.com/governmentandenterprise

MOTOROLA

Motorola, Inc.
1301 East Algonquin Road
Schaumburg, Illinois 60196 U.S.A.
800-367-2346
www.motorola.com/governmentandenterprise

RO-10-2008