



### Tax Incentives from Federal Government

The federal government has implemented some amazing tax incentives for those who help rebuild the GO Zone (Gulf Opportunity Zone) area of Mississippi. An investor can claim a federal **50% BONUS DEPRECIATION** on a new property put into rental service prior to the December 31, 2010 deadline.

For example, let's say an investor purchases a \$244,900 pre-construction duplex, and then rents it out. Let's assume the value of the land is \$15,000 and the remainder (\$229,900) is the actual property value. The investor could claim a bonus depreciation deduction of \$114,950 for tax purposes. As you can see it might be possible to offset all of your taxable income! Of course, the ability to use all the bonus depreciation depends on each investor's circumstances. The IRS allows you to carry forward unused depreciation for up to 15 years or

you can also carry it back up to 5 years to get a rebate from prior years. (Please consult your tax advisor to discover how these incentives apply to you).

Finally, every investor wants to know whether they qualify for the GO Zone depreciation because of the definition of being in a business. Yes, the definition allows investors to qualify as long as they follow the guidelines, which we would be happy to explain to you.

#### **For Details Visit:**

-IRS Pub 4492: Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma (page 12)

**Link:** <http://www.irs.gov/pub/irs-pdf/p4492.pdf>