# Equipment Leasing and Depreciation Strategy

## The Strategy in 60 Seconds

Your operating company should not own your equipment. Here is exactly how a leasing entity works, with the real numbers behind it, in about sixty seconds.

**$626,000**

Approximate 2025 excess business loss cap, married filing jointly

## Build the leasing entity

- **Form a separate LLC - Its only job is owning gear**
- **Title the equipment to it - Trucks, trailers, tools, machines**
- **Sign a written lease - Fair market rent, paid monthly**

## Four entities, four jobs

- Main S corp: operations
- Second S corp: side business
- Property management LLC
- Family management LLC
- Leasing company LLC

**One entity, one job, one purpose.**

## The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

**26 U.S.C. Sec. 179 - Election to expense certain depreciable business assets in the year placed in service.**

https://www.law.cornell.edu/uscode/text/26/179

**26 U.S.C. Sec. 168(k) - Bonus depreciation - an additional first-year deduction for qualified property.**

https://www.law.cornell.edu/uscode/text/26/168