

Cash Flow on Disposition
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 24, 2009
 Investit Decisions

Replace Example with Revenue & Expenses

Cash Flow on Disposition (Before Tax)

Salvage Value		\$	1,000,000
Less: Selling Expenses			-
Legal Fees			-
Removal Costs			-
			-
Cash Flow on Disposition (Before Tax)			1,000,000

Cash Flow on Disposition (After Tax)

Net Salvage Value			1,000,000
Less: Capital Gains Tax			
Net Salvage Value	1,000,000		
Less Cost Basis	11,000,000		
Capital Gains	-	x 35.00% x 50.00%	-
Less: Recaptured Depreciation Tax			
Tax Value of Investments on Sale	1,000,000		
Less Undepreciated Balance	539,009		
Recaptured Depreciation	460,991	x 35.00%	161,347
Cash Flow on Disposition (After Tax)			838,653