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Here's the Tax Beat broadcast for September 2

Subject Line: Deduct the Robot

The word "robot" is barely a hundred years old, and it doesn't mean what you think. A Czech playwright named Karel Čapek needed a name for the manufactured workers in his 1920 play, and everything he came up with sounded terrible. So he asked his brother Josef, who was painting at the time and didn't bother putting down the brush. Call them roboti, he said. It came from robota, an old Czech word for the forced labor a serf owed his landlord. Josef should have asked for royalties.

Čapek’s play, titled Rossum’s Universal Robots, opened in January 1921 and was translated into thirty languages in two years. And here's the part nobody remembers: Čapek's robots weren't metal. They were grown in vats out of synthetic goo, like *Blade Runner*’s replicants. Less Detroit assembly line, more biotech startup with a super chill HR department. The robots were cheap. They never got tired. They never complained about holiday hours.

Then, in the final act, they rise up and exterminate the human race. Curtain. Thanks for coming, folks, drive safe.

Fast forward to last week, when Bill Gates published a 6,000-word essay warning that the machines are coming for our jobs faster than anyone in Washington is ready for. Customer support goes first, he says, then software engineers and paralegals. Construction and hospitality get robots by the end of the decade. Neither political party has a plan. (I know, you’re shocked.)

That means a whole lot of business owners are about to stop running money through payroll and start running it through equipment and software instead. Fine. Just remember the tax code treats those three purchases about as differently as it possibly can, and the spread is worth real money.

Payroll is the boring one. You pay Bob. You deduct Bob. The code has no further opinions about Bob.

A robot is equipment, and equipment is where it gets interesting. For 2026 you can expense up to $2,560,000 under Section 179. If that’s not enough, bonus depreciation came back permanently in 2025, at 100%, with no cap and no income limit, and it will cheerfully shove your taxable income into a loss and carry it into next year. Let’s say you buy a $400,000 robotic arm that doesn't take PTO and doesn't call in sick the Monday after the Super Bowl. In the top bracket, that's roughly $148,000 back. You can even finance your new nonhuman employee of the month and still write off every dollar this year. One catch: the "placed in service" rules. A robot sitting in a crate on your dock December 31 isn't a deduction. It's an expensive Christmas present you didn’t unwrap.

Software, on the other hand, splits three ways. If you buy it off the shelf, you'll treat it just like the robot. If you subscribe, it's deductible as you pay it, right next to the streaming bundle you stopped watching in 2023. If you build your own, Section 174A restored immediate expensing for domestic research (after three miserable years of stretching the deduction out over five). And the Section 41 credit can offset a chunk of the development payroll on top of the deduction. Keep the work stateside, though. Outsource it to Prague and you'll have to amortize it over fifteen years, which would be a lovely tribute to Čapek but a miserable tax result.

None of this happens by itself. Call us next March and we'll tell you, with beautiful precision, what you did this year. Call today and you'll get a vote on it. Same robot, same money, wildly different bill.

Josef Čapek gave away the most valuable word of the twenty-first century and never saw a nickel. Don't make the same mistake with your $400,000 robot. Call us first and we'll make sure you're the one collecting!

Kevin