



PIECES OF THE PUZZLE

May 2018

IRS Releases Fact Sheet for New Depreciation and Expensing Rules

The IRS has released a fact sheet that highlights new depreciation and expensing rules from the Tax Cuts and Jobs Act (TCJA). Among other things, the maximum Section 179 deduction is increased from \$500,000 to \$1 million, and the phase-out threshold is increased from \$2 million to \$2.5 million for property placed in service in tax years beginning after December 31, 2017. The definition of Section 179 property is also expanded. The TCJA also increases the bonus depreciation percentage from 50% to 100% for qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023, however property acquired before September 28, 2017 and placed in service before January 1, 2018 remains at 50%. The definition of property eligible for bonus depreciation was expanded (notably to include most used property), but certain property is no longer eligible, including property used in providing certain electric, water and gas utilities, or floor-plan financed motor vehicle sales or leasing. The fact sheet can be accessed at www.irs.gov/newsroom/new-rules-and-limitations-for-depreciation-and-expensing-under-the-tax-cuts-and-jobs-act.

2018 Vehicle Depreciation Limits

The IRS has released the Section 280F depreciation deduction limits for passenger autos (including trucks and vans) first placed in service during 2018. These amounts reflect changes made by the Tax Cuts and Jobs Act (TCJA), which didn't provide for an inflation adjustment for 2018. For passenger autos acquired *before* September 28, 2017 and placed in service during 2018, the depreciation limits are \$10,000 for the first year (\$16,400 with bonus depreciation), \$16,000 for the second year, \$9,600 for the third year, and \$5,760 for each succeeding year. For passenger autos acquired *after* September 27, 2017 and placed in service during 2018, the depreciation limits are \$10,000 for the first year (\$18,000 with bonus depreciation), \$16,000 for the second year, \$9,600 for the third year, and \$5,760 for each succeeding year. Also, the IRS has released the lease inclusion amounts for lessees of passenger autos first leased in 2018.

If you have any questions, please feel free to contact us.

Source: Thomson Reuters/PPC

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