

2009 Depreciation Deductions for Autos

Rev. Proc. 2009-24; 2009-17 IRB 1 (Apr. 9, 2009)

SECTION 1. PURPOSE

.01 This revenue procedure provides: (1) limitations on depreciation deductions for owners of passenger automobiles first placed in service by the taxpayer during calendar year 2009, including a separate table of limitations on depreciation deductions for trucks and vans; and (2) the amounts to be included in income by lessees of passenger automobiles first leased by the taxpayer during calendar year 2009, including a separate table of inclusion amounts for lessees of trucks and vans.

.02 The tables detailing these depreciation limitations and lessee inclusion amounts reflect the automobile price inflation adjustments required by § 280F(d)(7) of the Internal Revenue Code.

SECTION 2. BACKGROUND

.01 For owners of passenger automobiles, § 280F(a) imposes dollar limitations on the depreciation deduction for the year that the passenger automobile is placed in service by the taxpayer and each succeeding year. Section 280F(d)(7) requires the amounts allowable as depreciation deductions to be increased by a price inflation adjustment amount for passenger automobiles placed in service after 1988. The method of calculating this price inflation amount for trucks and vans placed in service in or after calendar year 2003 uses a different CPI "automobile component" (the "new trucks" component) than that used in the price inflation amount calculation for other passenger automobiles (the "new cars" component), resulting in somewhat higher depreciation deductions for trucks and vans. This change reflects the higher rate of price inflation that trucks and vans have been subject to since 1988.

.02 Section 168(k)(1)(A) provides a 50 percent additional first year depreciation deduction for certain new property acquired by a taxpayer after December 31, 2007, and before January 1, 2010, if no written binding contract for the acquisition of the property existed before January 1, 2008. Section 168(k)(2)(F)(i) increases the first year depreciation allowed under § 280F(a)(1)(A) by \$8,000 for passenger automobiles to which the 50 percent additional first year depreciation deduction applies.

.03 Section 168(k)(2)(D)(i) provides that the 50 percent additional first year depreciation deduction does not apply to any property required to be depreciated under the alternative depreciation system of § 168(g), including property described in § 280F(b)(1). Section 168(k)(2)(D)(iii) permits a taxpayer to elect to not claim the 50 percent additional first year depreciation deduction for any class of property. Section 168(k)(4) permits a corporation to elect to not claim the 50 percent additional first year

depreciation deduction for all eligible qualified property (that is extension property or that is not extension property, as applicable) and instead to increase the business credit limitation under § 38(c) or the alternative minimum tax credit limitation under § 53(c). Accordingly, this revenue procedure provides tables for passenger automobiles for which the 50 percent additional depreciation deduction applies and tables for passenger automobiles for which the 50 percent additional first year depreciation deduction does not apply, including passenger automobiles in a class of property for which the taxpayer "elects out" of the 50 percent additional first year depreciation deduction or passenger automobiles that are eligible qualified property to which the § 168(k)(4) election applies.

.04 For leased passenger automobiles, § 280F(c) requires a reduction in the deduction allowed to the lessee of the passenger automobile. The reduction must be substantially equivalent to the limitations on the depreciation deductions imposed on owners of passenger automobiles. Under § 1.280F-7(a) of the Income Tax Regulations, this reduction requires a lessee to include in gross income an inclusion amount determined by applying a formula to the amount obtained from a table. One table applies to lessees of trucks and vans and another table applies to all other passenger automobiles. Each table shows inclusion amounts for a range of fair market values for each taxable year after the passenger automobile is first leased.

SECTION 3. SCOPE

.01 The limitations on depreciation deductions in section 4.02(2) of this revenue procedure apply to passenger automobiles (other than leased passenger automobiles) that are placed in service by the taxpayer in calendar year 2009, and continue to apply for each taxable year that the passenger automobile remains in service.

.02 The tables in section 4.03 of this revenue procedure apply to leased passenger automobiles for which the lease term begins during calendar year 2009. Lessees of these passenger automobiles must use these tables to determine the inclusion amount for each taxable year during which the passenger automobile is leased. See Rev. Proc. 2002-14, 2002-1 C.B. 450, for passenger automobiles first leased before January 1, 2003, Rev. Proc. 2003-75, 2003-2 C.B. 1018, for passenger automobiles first leased during calendar year 2003, Rev. Proc. 2004-20, 2004-1 C.B. 642, for passenger automobiles first leased during calendar year 2004, Rev. Proc. 2005-13, 2005-1 C.B. 759, for passenger automobiles first leased during calendar year 2005, Rev. Proc. 2006-18, 2006-1 C.B. 645, for passenger automobiles first leased during calendar year 2006, Rev. Proc. 2007-30, 2007-1 C.B. 1104, for passenger automobiles first leased during calendar year 2007, and Rev. Proc. 2008-22, 2008-12 I.R.B. 658, for passenger automobiles first leased during calendar year 2008.

SECTION 4. APPLICATION

.01 In General.

(1) Limitations on depreciation deductions for certain automobiles. The limitations on depreciation deductions for passenger automobiles placed in service by the taxpayer for the first time during calendar year 2009 are in Tables 1 through 4 in section 4.02(2) of this revenue procedure.

(2) Inclusions in income of lessees of passenger automobiles. A taxpayer first leasing a passenger automobile during calendar year 2009 must determine the inclusion amount that is added to gross income using Tables 5 and 6 in section 4.03 of this revenue procedure. In addition, the taxpayer must follow the procedures of § 1.280F-7(a).

.02 Limitations on Depreciation Deductions for Certain Automobiles.

(1) Amount of the inflation adjustment.

(a) Passenger automobiles (other than trucks or vans). Under § 280F(d)(7)(B)(i), the automobile price inflation adjustment for any calendar year is the percentage (if any) by which the CPI automobile component for October of the preceding calendar year exceeds the CPI automobile component for October 1987. The term "CPI automobile component" is defined in § 280F(d)(7)(B)(ii) as the "automobile component" of the Consumer Price Index for all Urban Consumers published by the Department of Labor. The new car component of the CPI was 115.2 for October 1987 and 134.837 for October 2008. The October 2008 index exceeded the October 1987 index by 19.637. The Internal Revenue Service has, therefore, determined that the automobile price inflation adjustment for 2009 for passenger automobiles (other than trucks and vans) is 17.05 percent ($19.637/115.2 \times 100\%$). This adjustment is applicable to all passenger automobiles (other than trucks and vans) that are first placed in service in calendar year 2009. The dollar limitations in § 280F(a) therefore must be multiplied by a factor of 0.1705, and the resulting increases, after rounding to the nearest \$100, are added to the 1988 limitations to give the depreciation limitations applicable to passenger automobiles (other than trucks and vans) for calendar year 2009.

(b) Trucks and vans. To determine the dollar limitations applicable to trucks and vans first placed in service during calendar year 2009, the new truck component of the CPI is used instead of the new car component. The new truck component of the CPI was 112.4 for October 1987 and 133.640 for October 2008. The October 2008 index exceeded the October 1987 index by 21.24. The Service has, therefore, determined that the automobile price inflation adjustment for 2009 for trucks and vans is 18.90 percent ($21.24/112.4 \times 100\%$). This adjustment is applicable to all trucks and vans that are first placed in service in calendar year 2009. The dollar limitations in § 280F(a) therefore must be multiplied by a factor of 0.1890, and the resulting increases, after rounding to the nearest \$100, are added to the 1988 limitations to give the depreciation limitations applicable to trucks and vans.

(2) Amount of the limitation. For passenger automobiles placed in service by the taxpayer in calendar year 2009, Tables 1 through 4 contain the dollar amount of the depreciation limitation for each taxable year. Use Table 1 for a passenger automobile

(other than a truck or van) placed in service by the taxpayer in calendar year 2009, for which the 50 percent additional first year depreciation deduction does not apply, including a passenger automobile (other than a truck or van) in a class of property for which the taxpayer elects out of the 50 percent additional first year depreciation deduction or a passenger automobile that is eligible qualified property to which the § 168(k)(4) election applies. Use Table 2 for a passenger automobile (other than a truck or van) placed in service by the taxpayer in calendar year 2009, for which the 50 percent additional first year depreciation deduction applies. Use Table 3 for a truck or van placed in service by the taxpayer in calendar year 2009, for which the 50 percent additional first year depreciation deduction does not apply, including a truck or van in a class of property for which the taxpayer elects out of the 50 percent additional first year depreciation deduction or a truck or van that is eligible qualified property to which the § 168(k)(4) election applies. Use Table 4 for a truck or van placed in service by the taxpayer in calendar year 2009, for which the 50 percent additional first year depreciation deduction applies.

REV. PROC. 2009-24 TABLE 1

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2009, FOR WHICH THE 50 PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION DOES NOT APPLY

Tax Year	Amount
1st Tax Year	\$ 2,960
2nd Tax Year	\$ 4,800
3rd Tax Year	\$ 2,850
Each Succeeding Year	\$ 1,775

REV. PROC. 2009-24 TABLE 2

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2009, FOR WHICH THE 50 PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	\$ 10,960
2nd Tax Year	\$ 4,800
3rd Tax Year	\$ 2,850
Each Succeeding Year	\$ 1,775

REV. PROC. 2009-24 TABLE 3

DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2009, FOR WHICH THE 50 PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION DOES NOT APPLY

Tax Year	Amount
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1st Tax Year	\$ 3,060
2nd Tax Year	\$ 4,900
3rd Tax Year	\$ 2,950
Each Succeeding Year	\$ 1,775

REV. PROC. 2009-24 TABLE 4

DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE BY THE AXPAYER IN CALENDAR YEAR 2009, FOR WHICH THE 50 PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	\$ 11,060
2nd Tax Year	\$ 4,900
3rd Tax Year	\$ 2,950
Each Succeeding Year	\$ 1,775

.03 Inclusions in Income of Lessees of Passenger Automobiles.

The inclusion amounts for passenger automobiles first leased in calendar year 2009 are calculated under the procedures described in § 1.280F-7(a). Lessees of passenger automobiles other than trucks and vans should use Table 5 of this revenue procedure in applying these procedures, while lessees of trucks and vans should use Table 6 of this revenue procedure.

REV. PROC. 2009-24 TABLE 5

DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2009

Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
\$18,500	\$19,000	9	19	28	34	38
19,000	19,500	10	21	32	38	43
19,500	20,000	11	24	36	42	48
20,000	20,500	12	27	39	46	54
20,500	21,000	13	29	43	51	58
21,000	21,500	15	31	47	55	64
21,500	22,000	16	34	50	60	68
22,000	23,000	17	38	56	66	76
23,000	24,000	20	42	64	75	86
24,000	25,000	22	47	71	84	96
25,000	26,000	24	52	78	93	107
26,000	27,000	26	58	85	101	117
27,000	28,000	29	62	93	110	127
28,000	29,000	31	67	100	119	138
29,000	30,000	33	72	108	128	147
30,000	31,000	35	77	115	137	157
31,000	32,000	38	82	122	146	167

32,000	33,000	40	87	129	155	178
33,000	34,000	42	92	137	163	188
34,000	35,000	44	97	144	172	199
35,000	36,000	47	102	151	181	208
36,000	37,000	49	107	159	189	219
37,000	38,000	51	112	166	199	228
38,000	39,000	53	117	173	208	239
39,000	40,000	56	122	180	216	250
40,000	41,000	58	127	188	225	259
41,000	42,000	60	132	195	234	269
42,000	43,000	62	137	203	242	280
43,000	44,000	65	141	210	252	290
44,000	45,000	67	146	218	260	300
45,000	46,000	69	151	225	269	311
46,000	47,000	71	157	232	278	320
47,000	48,000	74	161	240	286	331
48,000	49,000	76	166	247	296	340
49,000	50,000	78	171	255	304	351
50,000	51,000	80	176	262	313	361
51,000	52,000	83	181	269	322	371
52,000	53,000	85	186	276	331	381
53,000	54,000	87	191	284	339	392
54,000	55,000	89	196	291	349	401
55,000	56,000	92	201	298	357	412
56,000	57,000	94	206	306	365	423
57,000	58,000	96	211	313	375	432
58,000	59,000	98	216	320	384	442
59,000	60,000	101	221	327	393	452
60,000	62,000	104	228	339	406	467
62,000	64,000	109	238	353	424	488
64,000	66,000	113	248	368	441	509
66,000	68,000	118	258	382	459	529
68,000	70,000	122	268	397	476	550
70,000	72,000	127	277	413	493	570
72,000	74,000	131	288	427	511	590
74,000	76,000	136	297	442	529	610
76,000	78,000	140	307	457	546	631
78,000	80,000	145	317	471	564	651
80,000	85,000	152	335	497	595	686
85,000	90,000	164	359	534	639	737
90,000	95,000	175	384	570	683	789
95,000	100,000	186	409	607	727	839
100,000	110,000	203	446	662	793	916
110,000	120,000	226	495	736	881	1,018
120,000	130,000	248	545	809	970	1,119
130,000	140,000	271	594	883	1,058	1,220
140,000	150,000	293	644	956	1,146	1,322
150,000	160,000	316	693	1,030	1,234	1,424
160,000	170,000	338	743	1,103	1,322	1,526
170,000	180,000	361	792	1,177	1,410	1,628
180,000	190,000	383	842	1,250	1,498	1,730
190,000	200,000	406	891	1,324	1,586	1,831
200,000	210,000	428	941	1,397	1,675	1,932
210,000	220,000	451	990	1,471	1,762	2,035
220,000	230,000	473	1,040	1,544	1,851	2,136
230,000	240,000	496	1,089	1,618	1,939	2,238
240,000	And up	518	1,139	1,691	2,027	2,340

REV. PROC. 2009-24 TABLE 6

DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING
IN CALENDAR YEAR 2009

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & later
Over	Not Over					
\$18,500	\$19,000	8	17	25	30	35
19,000	19,500	9	19	29	35	40
19,500	20,000	10	22	33	38	45
20,000	20,500	11	25	36	43	50
20,500	21,000	12	27	40	48	55
21,000	21,500	13	30	43	52	60
21,500	22,000	15	32	47	56	66
22,000	23,000	16	36	52	64	72
23,000	24,000	18	41	60	72	83
24,000	25,000	21	45	68	81	93
25,000	26,000	23	50	75	90	103
26,000	27,000	25	56	82	98	114
27,000	28,000	27	61	89	107	124
28,000	29,000	30	65	97	116	134
29,000	30,000	32	70	104	125	144
30,000	31,000	34	75	112	134	154
31,000	32,000	36	80	119	143	164
32,000	33,000	39	85	126	151	175
33,000	34,000	41	90	134	160	184
34,000	35,000	43	95	141	169	195
35,000	36,000	45	100	148	178	205
36,000	37,000	48	105	155	187	215
37,000	38,000	50	110	163	195	226
38,000	39,000	52	115	170	204	236
39,000	40,000	55	120	177	213	246
40,000	41,000	57	125	185	221	256
41,000	42,000	59	130	192	231	266
42,000	43,000	61	135	199	240	276
43,000	44,000	64	139	207	249	286
44,000	45,000	66	144	215	257	296
45,000	46,000	68	149	222	266	307
46,000	47,000	70	155	229	274	317
47,000	48,000	73	159	237	283	327
48,000	49,000	75	164	244	292	338
49,000	50,000	77	169	251	301	348
50,000	51,000	79	174	259	310	357
51,000	52,000	82	179	266	318	368
52,000	53,000	84	184	273	328	378
53,000	54,000	86	189	281	336	388
54,000	55,000	88	194	288	345	399
55,000	56,000	91	199	295	354	408
56,000	57,000	93	204	302	363	419
57,000	58,000	95	209	310	371	429
58,000	59,000	97	214	317	381	439
59,000	60,000	100	219	324	389	450

60,000	62,000	103	226	336	402	465
62,000	64,000	107	236	351	420	485
64,000	66,000	112	246	365	438	505
66,000	68,000	116	256	380	455	526
68,000	70,000	121	266	394	473	546
70,000	72,000	125	276	409	491	566
72,000	74,000	130	286	423	509	586
74,000	76,000	134	296	438	526	607
76,000	78,000	139	305	454	543	627
78,000	80,000	143	316	467	561	648
80,000	85,000	151	333	493	592	684
85,000	90,000	163	357	531	635	735
90,000	95,000	174	382	567	680	785
95,000	100,000	185	407	604	724	836
100,000	110,000	202	444	659	790	912
110,000	120,000	225	493	733	878	1,014
120,000	130,000	247	543	806	966	1,116
130,000	140,000	270	592	880	1,054	1,218
140,000	150,000	292	642	953	1,143	1,319
150,000	160,000	315	691	1,027	1,230	1,421
160,000	170,000	337	741	1,100	1,319	1,522
170,000	180,000	360	790	1,174	1,407	1,624
180,000	190,000	382	840	1,247	1,495	1,726
190,000	200,000	405	889	1,321	1,583	1,828
200,000	210,000	427	939	1,394	1,671	1,930
210,000	220,000	450	988	1,468	1,759	2,031
220,000	230,000	472	1,038	1,541	1,847	2,134
230,000	240,000	495	1,087	1,615	1,935	2,235
240,000	and up	517	1,137	1,688	2,024	2,336

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles (other than leased passenger automobiles) that are first placed in service by a taxpayer during calendar year 2009, and to leased passenger automobiles that are first leased by a taxpayer during calendar year 2009.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Bernard P. Harvey of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Harvey at (202) 622-4930 (not a toll-free call).