

# Auto Depreciation Limits

## Cross References

- Rev. Proc. 2017-29
- IRC §280F

When the actual expense method is used for deducting the business use of a vehicle, the cost of the vehicle is depreciated under MACRS using a 5-year recovery period. The Section 179 deduction is also allowed for business vehicles. The annual deduction for depreciation, including any Section 179 deduction or special depreciation allowance, is limited to statutory amounts. The limits are adjusted each year for inflation.

The annual deduction is the lesser of:

- The vehicle's basis multiplied by the business use percentage multiplied by the applicable depreciation percentage, or
- The section 280F limit multiplied by the business percentage.

The chart below reflects the new section 280F limits for 2017 in comparison to previous years.

<b>Vehicle Depreciation Limitations (Section 280F)</b>				
<b>Tax year first placed in service:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<i>Auto depreciation limitations based on 100% business or investment use:</i>				
1st year if special depreciation is claimed	\$11,160	\$11,160	\$11,160	\$11,160
1st year depreciation	\$3,160	\$3,160	\$3,160	\$3,160
2nd year depreciation	\$5,100	\$5,100	\$5,100	\$5,100
3rd year depreciation	\$3,050	\$3,050	\$3,050	\$3,050
Each succeeding year	\$1,875	\$1,875	\$1,875	\$1,875
<i>Trucks and vans depreciation limitations based on 100% business or investment use</i>				
1st year if special depreciation is claimed	\$11,560	\$11,560	\$11,460	\$11,460
1st year depreciation	\$3,560	\$3,560	\$3,460	\$3,460
2nd year depreciation	\$5,700	\$5,700	\$5,600	\$5,500
3rd year depreciation	\$3,450	\$3,350	\$3,350	\$3,350
Each succeeding year	\$2,075	\$2,075	\$1,975	\$1,975

**Notes:** If business or investment use is less than 100%, the depreciation limit equals the amount listed above multiplied by the business or investment percentage.

The 50% and 100% special depreciation allowance does not apply to section 280F property. Instead, the section 280F limits are increased by \$8,000 for the first year. The increased amount is then phased down to \$6,400 for new property in 2018 and \$4,800 for new property in 2019.