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Rev. Proc. 2024-13

Limitations on depreciation for auto owners and lessees.

1. PURPOSE

This revenue procedure provides: (1) two tables of limitations on depreciation deductions for owners of passenger automobiles placed in service by the taxpayer during calendar year 2024; and (2) a table of dollar amounts that must be used to determine income inclusions by lessees of passenger automobiles with a lease term beginning in calendar year 2024. These tables reflect the automobile price inflation adjustments required by § 280F(d)(7) of the Internal Revenue Code. For purposes of this revenue procedure, the term "passenger automobiles" includes trucks and vans.

2. BACKGROUND

.01. For owners of passenger automobiles, § 280F(a) imposes dollar limitations on the depreciation deduction for the year the taxpayer places the passenger automobile in service and for each succeeding year. For passenger automobiles placed in service after 2018, § 280F(d)(7) requires the Internal Revenue Service to increase the amounts allowable as depreciation deductions by a price inflation adjustment amount that is determined using the automobile component of the Chained Consumer Price Index for All Urban Consumers published by the Department of Labor (C-CPI-U).

.02. Section 168(k)(1) provides that, in the case of qualified property, the depreciation deduction allowed under § 167(a) for the taxable year in which the property is placed in service includes an allowance equal to the applicable percentage of the property's adjusted basis, referred to as "§ 168(k) additional first year depreciation deduction" hereinafter. Pursuant to § 168(k)(6)(A), the applicable percentage is 100 percent for qualified property acquired and placed in service after September 27, 2017, and placed in service before January

1, 2023, and is phased down 20 percent each year for property placed in service through December 31, 2026. Accordingly, the applicable percentage for qualified property acquired after September 27, 2017, and placed in service after December 31, 2023, and before January 1, 2025, is 60 percent. Pursuant to § 168(k)(8)(D)(i), no § 168(k) additional first year depreciation deduction is allowed or allowable for qualified property acquired by the taxpayer before September 28, 2017, and placed in service by the taxpayer after 2019. For qualified property acquired and placed in service after September 27, 2017, § 168(k)(2)(F)(i) increases the first-year depreciation allowed under § 280F(a)(1)(A)(i) by $8,000.

.03. Tables 1 and 2 of this revenue procedure provide depreciation limitations for passenger automobiles placed in service by the taxpayer during calendar year 2024. Table 1 provides depreciation limitations for passenger automobiles acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer during calendar year 2024, for which the § 168(k) additional first year depreciation deduction applies. Table 2 provides depreciation limitations for passenger automobiles placed in service by the taxpayer during calendar year 2024 for which no § 168(k) additional first year depreciation deduction applies. The § 168(k) additional first year depreciation deduction does not apply for 2024 if the taxpayer: (1) did not use the passenger automobile during 2024 more than 50 percent for business purposes; (2) elected out of the § 168(k) additional first year depreciation deduction pursuant to § 168(k)(7) for the class of property that includes passenger automobiles; (3) acquired the passenger automobile used and the acquisition of such property did not meet the acquisition requirements in § 168(k)(2)(E)(ii) and § 1.168(k)-2(b)(3)(iii) of the Income Tax Regulations; or (4) acquired the passenger automobile before September 28, 2017, and placed it in service after 2019.

.04. Section 280F(c)(2) requires a reduction to the amount allowable as a deduction to the lessee of a leased passenger automobile. Pursuant to § 280F(c)(3), the reduction must be substantially equivalent to the limitations on the depreciation deductions imposed on owners of passenger automobiles. Under § 1.280F-7(a), this reduction is accomplished by requiring the lessee to include in gross income an amount determined by applying a formula to a dollar amount obtained from a table.

.05. Table 3 of this revenue procedure provides the dollar amount used by lessees of passenger automobiles with a lease term beginning in 2024 to determine the income inclusion amount for those passenger automobiles. The table provides dollar amounts for a range of fair market values.

3. SCOPE

.01. The limitations on depreciation deductions in Tables 1 and 2 in section 4.01(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 2024, and continue to apply for each taxable year that the passenger automobile remains in service.

.02. The dollar amounts in Table 3 of this revenue procedure apply to leased passenger automobiles with a lease term beginning in calendar year 2024, and continue to apply for each taxable year during the lease.

.03. *See*Rev. Proc. 2019-26, 2019-24 I.R.B. 1323, for passenger automobiles placed in service or leased during calendar year 2019; Rev. Proc. 2020-37, 2020-33 I.R.B. 381, for passenger automobiles placed in service or leased during calendar year 2020; Rev. Proc. 2021-31, 2021-34 I.R.B. 324, for passenger automobiles placed in service or leased during calendar year 2021; Rev. Proc. 2022-17, 2022-13 I.R.B. 930, for passenger automobiles placed in service or leased during calendar year 2022; and Rev. Proc. 2023-14, 2023-6 I.R.B. 466, for passenger automobiles placed in service or leased during calendar year 2023.

4. APPLICATION

.01. Limitations on Depreciation Deductions for Certain Automobiles.

(1) Amount of the inflation adjustment. Under § 280F(d)(7)(B)(i), the automobile price inflation adjustment for any calendar year is the percentage (if any) by which the C-CPI-U automobile component for October of the preceding calendar year exceeds the automobile component of the CPI (as defined in § 1(f)(4)) for October of 2017, multiplied by the amount determined under § 1(f)(3)(B). The amount determined under § 1(f)(3)(B) is the amount obtained by dividing the new vehicle component of the C-CPI-U for calendar year 2016 by the new

vehicle component of the CPI for calendar year 2016, where the C-CPI-U and the CPI for calendar year 2016 means the average of such amounts as of the close of the 12-month period ending on August 31, 2016. Section 280F(d)(7)(B)(ii) defines the term "C-CPI-U automobile component" as the automobile component of the Chained Consumer Price Index for All Urban Consumers as described in § 1(f)(6). The product of the October 2017 CPI new vehicle component (144.868) and the amount determined under § 1(f)(3)(B) (0.694370319) is 100.592. The new vehicle component of the C-CPI-U released in November 2023 was 124.743 for October 2023. The October 2023 C-CPI-U new vehicle component exceeded the product of the October 2017 CPI new vehicle component and the amount determined under § 1(f)(3)(B) by 24.151 (124.743 - 100.592). The percentage by which the C-CPI-U new vehicle component for October 2023 exceeds the product of the new vehicle component of the CPI for October of 2017 and the amount determined under § 1(f)(3)(B) is 24.009 percent (24.151/100.592 x 100%), the automobile price inflation adjustment for 2024 for passenger automobiles. The dollar limitations in § 280F(a) are therefore multiplied by a factor of 0.24009, and the resulting increases, after rounding to the nearest $100, are added to the 2018 limitations to give the depreciation limitations applicable to passenger automobiles for calendar year 2024. This adjustment applies to all passenger automobiles that are placed in service in calendar year 2024.

(2) Amount of the limitation. Tables 1 and 2 of this revenue procedure contain the depreciation limitation for each taxable year for passenger automobiles a taxpayer placed in service during calendar year 2024. Use Table 1 for a passenger automobile to which the § 168(k) additional first year depreciation deduction applies that is acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer during calendar year 2024; use Table 2 for a passenger automobile for which no § 168(k) additional first year depreciation deduction applies.

REV. PROC. 2024-13 TABLE 1

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES ACQUIRED AFTER SEPTEMBER 27, 2017, AND PLACED IN SERVICE DURING CALENDAR YEAR 2024, FOR WHICH THE § 168(k) ADDITIONAL FIRST YEAR

DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	$ 20,400
2nd Tax Year	$ 19,800
3rd Tax Year	$ 11,900
Each Succeeding Year	$ 7,160

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DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES

PLACED IN SERVICE DURING CALENDAR YEAR 2024 FOR WHICH NO § 168(k)

ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	$ 12,400
2nd Tax Year	$ 19,800
3rd Tax Year	$ 11,900
Each Succeeding Year	$ 7,160

.02. Inclusions in Income of Lessees of Passenger Automobiles.

A taxpayer must follow the procedures in § 1.280F-7(a) for determining the inclusion amounts for passenger automobiles with a lease term beginning in calendar year 2024. In applying these procedures, lessees of passenger automobiles should use Table 3 of this revenue procedure.

REV. PROC. 2024-13 TABLE 3

DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES

WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2024

Fair Market	Fair Market	1st Tax Year	2nd Tax Year	3rd Tax Year	4th Tax Year	5th Tax Year

Value of Passenger Automobile Over	Value of Passenger Automobile Not Over	During Lease	During Lease	During Lease	During Lease	During Lease & Later
$62000	$64000	7	16	24	28	32
64,000	66,000	21	47	69	82	94
66,000	68,000	35	77	114	136	157
68,000	70,000	49	107	159	191	219
70,000	72,000	62	138	204	245	281
72,000	74,000	76	168	250	298	344
74,000	76,000	90	199	294	353	406
76,000	78,000	104	229	340	406	469
78,000	80,000	118	259	385	461	531
80,000	85,000	142	313	463	556	640
85,000	90,000	177	388	577	690	797
90,000	95,000	211	465	689	826	952
95,000	100,000	246	541	802	961	1,108
100,000	110,000	298	655	971	1,163	1,343
110,000	120,000	367	807	1,196	1,435	1,655
120,000	130,000	437	958	1,423	1,704	1,968
130,000	140,000	506	1,111	1,647	1,975	2,280
140,000	150,000	575	1,263	1,873	2,245	2,592
150,000	160,000	645	1,414	2,099	2,516	2,904
160,000	170,000	714	1,566	2,325	2,786	3,216
170,000	180,000	783	1,719	2,549	3,057	3,529

180,000	190,000	852	1,871	2,775	3,327	3,841
190,000	200,000	922	2,022	3,001	3,598	4,153
200,000	210,000	991	2,175	3,226	3,868	4,465
210,000	220,000	1,060	2,327	3,452	4,138	4,778
220,000	230,000	1,130	2,478	3,678	4,409	5,089
230,000	240,000	1,199	2,631	3,902	4,680	5,402
240,000	and over	1,268	2,783	4,128	4,950	5,714

5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles placed in service during calendar year 2024 or with a lease term beginning in calendar year 2024.

6. DRAFTING INFORMATION

The principal author of this revenue procedure is C. Dylan Durham of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Durham at (202) 317-7005 (not a toll-free number).