


## Internal Revenue Code Section 168(i)(8)(A)

Accelerated cost recovery system.

(i) Definitions and special rules. For purposes of this section--

...

(8) Treatment of leasehold improvements.

-  (A) In general. In the case of any building erected (or improvements made) on leased property, if such building or improvement is property to which this section applies, the depreciation deduction shall be determined under the provisions of this section.
- (B) Treatment of lessor improvements which are abandoned at termination of lease. An improvement—
- (i) which is made by the lessor of leased property for the lessee of such property, and
  - (ii) which is irrevocably disposed of or abandoned by the lessor at the termination of the lease by such lessee, shall be treated for purposes of determining gain or loss under this title as disposed of by the lessor when so disposed of or abandoned.
- (C) Cross reference. For treatment of qualified long-term real property constructed or improved in connection with cash or rent reduction from lessor to lessee, see section 110(b).