

Internal Revenue Code Section 280F(b)

Limitation on depreciation for luxury automobiles; limitation where certain property used for personal purposes.

(b) Limitation where business use of listed property not greater than 50 percent.

(1) Depreciation. If any listed property is not predominantly used in a qualified business use for any taxable year, the deduction allowed under section 168 [IRC Sec. 168] with respect to such property for such taxable year and any subsequent taxable year shall be determined under section 168(g) [IRC Sec. 168(g)] (relating to alternative depreciation system).

(2) Recapture.

(A) Where business use percentage does not exceed 50 percent. If—

- (i) property is predominantly used in a qualified business use in a taxable year in which it is placed in service, and
- (ii) such property is not predominantly used in a qualified business use for any subsequent taxable year, then any excess depreciation shall be included in gross income for the taxable year referred to in clause (ii), and the depreciation deduction for the taxable year referred to in clause (ii) and any subsequent taxable years shall be determined under section 168(g) [IRC Sec. 168(g)] (relating to alternative depreciation system).

(B) Excess depreciation. For purposes of subparagraph (A), the term "excess depreciation" means the excess (if any) of—

- (i) the amount of the depreciation deductions allowable with respect to the property for taxable years before the 1st taxable year in which the property was not predominantly used in a qualified business use, over
- (ii) the amount which would have been so allowable if the property had not been predominantly used in a qualified business use for the taxable year in which it was placed in service.

(3) Property predominantly used in qualified business use. For purposes of this subsection, property shall be treated as predominantly used in a qualified business use for any taxable year if the business use percentage for such taxable year exceeds 50 percent.