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Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.
(Also: Part I, §§ 280F; 1.280F-7.)

Rev. Proc. 2008-22

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 2008, 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 2008, 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 103 of the Economic Stimulus Act of 2008, Pub. L. No. 110-185, 122 Stat. 613 (Feb. 13, 2008), amended § 168(k). As amended, § 168(k)(1)(A) provides a 50-percent additional first year depreciation deduction for certain new property acquired by the taxpayer after December 31, 2007, and before January 1, 2009, so long as no written binding contract for the acquisition of the property existed prior to January 1, 2008. The Act also amended § 168(k)(2)(F)(i) to increase 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 section 168(g), including property described in section 280F(b)(1). Further, section 168(k)(2)(D)(iii) permits a taxpayer to elect not to claim the 50-percent additional first year depreciation deduction for any class of

property. 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.

.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 the lessees to include in gross income an inclusion amount determined by applying a formula to the amount obtained from a table. There is a table for lessees of trucks and vans and a table for 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 2008, 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 2008. Lessees of such 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, and Rev. Proc. 2007-30, 2007-1 C.B. 1104, for passenger automobiles first leased during calendar year 2007.

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 2008 are found in Tables 1 through 4 in section 4.02(2) of this revenue procedure. Table 1 of this revenue procedure provides limitations on depreciation deductions for a passenger automobile (other than a truck or van) 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. Table 2 of this revenue procedure provides limitations on depreciation deductions for a passenger automobile (other than a truck or van) for which the 50-percent additional first year depreciation deduction applies. Table 3 of this revenue procedure provides limitations on depreciation deductions for a truck or van 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. Table 4 of this revenue procedure provides limitations on depreciation deductions for a truck or van for which the 50-percent additional first year depreciation deduction applies.

(2) Inclusions in Income of Lessees of Passenger Automobiles. A taxpayer first leasing a passenger automobile during calendar year 2008 must determine the inclusion amount that is added to gross income using the tables in section 4.03 of this revenue procedure. The inclusion amount is determined using Table 5 in the case of a passenger automobile (other than a truck or van), and Table 6 in the case of a truck or van. In addition, the procedures of § 1.280F-7(a) must be followed.

.02 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 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 CPI). The new car component of the CPI was 115.2 for October 1987 and 135.169 for October 2007. The October 2007 index exceeded the October 1987 index by 19.969. The Internal Revenue Service has, therefore, determined that the automobile price inflation adjustment for 2008 for passenger automobiles (other than trucks and vans) is 17.33 percent ($19.969/115.2 \times 100\%$). This adjustment is applicable to all

passenger automobiles (other than trucks and vans) that are first placed in service in calendar year 2008. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.1733, 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 2008. To determine the dollar limitations applicable to trucks and vans first placed in service during calendar year 2008, 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 139.513 for October 2007. The October 2007 index exceeded the October 1987 index by 27.113. The Service has, therefore, determined that the automobile price inflation adjustment for 2008 for trucks and vans is 24.12 percent ($27.113/112.4 \times 100\%$). This adjustment is applicable to all trucks and vans that are first placed in service in calendar year 2008. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.2412, 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 2008, 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 2008, 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. Use Table 2 for a passenger automobile (other than a truck or van) placed

in service by the taxpayer in calendar year 2008, 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 2008, 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. Use Table 4 for a truck or van placed in service by the taxpayer in calendar year 2008, for which the 50-percent additional first year depreciation deduction applies.

REV. PROC. 2008-22 TABLE 1	
DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2008, FOR WHICH THE 50-PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION DOES NOT APPLY	
<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 2,960
2nd Tax Year	\$ 4,800
3rd Tax Year	\$ 2,850
Each Succeeding Year	\$ 1,775

REV. PROC. 2008-22 TABLE 2	
DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2008, FOR WHICH THE 50-PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES	
<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$10,960
2nd Tax Year	\$ 4,800
3rd Tax Year	\$ 2,850
Each Succeeding Year	\$ 1,775

REV. PROC. 2008-22 TABLE 3	
DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2008, FOR WHICH THE 50-PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION DOES NOT APPLY	
<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 3,160
2nd Tax Year	\$ 5,100
3rd Tax Year	\$ 3,050
Each Succeeding Year	\$ 1,875

REV. PROC. 2008-22 TABLE 4	
DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE BY THE TAXPAYER IN CALENDAR YEAR 2008, FOR WHICH THE 50-PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES	
<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$11,160
2nd Tax Year	\$ 5,100
3rd Tax Year	\$ 3,050
Each Succeeding Year	\$ 1,875

.03 Inclusions in Income of Lessees of Passenger Automobiles.

The inclusion amounts for passenger automobiles first leased in calendar year 2008 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. 2008-22 TABLE 5
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2008

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & later
Over	Not Over					
\$ 18,500	\$ 19,000	20	42	62	73	84
19,000	19,500	22	47	71	83	94
19,500	20,000	25	53	78	93	106
20,000	20,500	27	58	87	102	117
20,500	21,000	30	63	95	112	128
21,000	21,500	32	69	103	122	139
21,500	22,000	34	75	111	131	151
22,000	23,000	38	83	123	146	167
23,000	24,000	43	94	139	165	190
24,000	25,000	48	105	155	185	212
25,000	26,000	53	115	172	204	235
26,000	27,000	58	126	188	223	257
27,000	28,000	63	137	204	243	279
28,000	29,000	68	148	220	262	302
29,000	30,000	73	159	236	282	324
30,000	31,000	78	170	252	301	347
31,000	32,000	83	181	268	321	368
32,000	33,000	88	192	284	340	391
33,000	34,000	93	202	301	359	414
34,000	35,000	98	213	317	379	436
35,000	36,000	103	224	333	398	459
36,000	37,000	108	235	349	418	481
37,000	38,000	113	246	365	437	503
38,000	39,000	118	257	381	457	525
39,000	40,000	123	268	397	476	548
40,000	41,000	128	279	413	495	571
41,000	42,000	133	289	430	515	593
42,000	43,000	137	301	446	534	615
43,000	44,000	142	312	462	553	638
44,000	45,000	147	323	478	573	659
45,000	46,000	152	333	495	592	682
46,000	47,000	157	344	511	611	705
47,000	48,000	162	355	527	631	727
48,000	49,000	167	366	543	650	750
49,000	50,000	172	377	559	670	772
50,000	51,000	177	388	575	689	794
51,000	52,000	182	399	591	709	816
52,000	53,000	187	410	607	728	839
53,000	54,000	192	420	624	747	862
54,000	55,000	197	431	640	767	884
55,000	56,000	202	442	657	785	906
56,000	57,000	207	453	673	805	928

REV. PROC. 2008-22 TABLE 5						
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2008						
Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
57,000	58,000	212	464	689	824	951
58,000	59,000	217	475	705	844	973
59,000	60,000	222	486	721	863	996
60,000	62,000	229	502	746	892	1,029
62,000	64,000	239	524	778	931	1,074
64,000	66,000	249	546	810	970	1,118
66,000	68,000	259	567	843	1,008	1,164
68,000	70,000	269	589	875	1,047	1,209
70,000	72,000	279	611	907	1,086	1,253
72,000	74,000	289	633	939	1,125	1,298
74,000	76,000	299	654	972	1,164	1,342
76,000	78,000	309	676	1,004	1,203	1,387
78,000	80,000	319	698	1,036	1,242	1,432
80,000	85,000	336	736	1,093	1,309	1,511
85,000	90,000	361	791	1,173	1,406	1,623
90,000	95,000	386	845	1,255	1,503	1,734
95,000	100,000	410	900	1,335	1,600	1,846
100,000	110,000	448	981	1,457	1,745	2,014
110,000	120,000	497	1,090	1,619	1,939	2,238
120,000	130,000	547	1,199	1,780	2,133	2,462
130,000	140,000	597	1,308	1,942	2,327	2,685
140,000	150,000	646	1,417	2,103	2,521	2,910
150,000	160,000	696	1,526	2,265	2,715	3,133
160,000	170,000	745	1,635	2,427	2,908	3,357
170,000	180,000	795	1,744	2,588	3,103	3,581
180,000	190,000	845	1,853	2,750	3,296	3,805
190,000	200,000	894	1,962	2,912	3,490	4,028
200,000	210,000	944	2,071	3,073	3,684	4,252
210,000	220,000	994	2,179	3,235	3,878	4,476
220,000	230,000	1,043	2,289	3,396	4,072	4,700
230,000	240,000	1,093	2,397	3,559	4,265	4,924
240,000	and up	1,142	2,507	3,720	4,459	5,148

REV. PROC. 2008-22 TABLE 6						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2008						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
\$ 19,000	\$ 19,500	17	37	54	65	73
19,500	20,000	20	42	63	73	85
20,000	20,500	22	48	70	84	96
20,500	21,000	25	53	79	93	107
21,000	21,500	27	59	86	103	118
21,500	22,000	30	64	95	112	130
22,000	23,000	33	72	107	128	146
23,000	24,000	38	83	123	147	168
24,000	25,000	43	94	139	166	191
25,000	26,000	48	105	155	186	213
26,000	27,000	53	116	171	205	236
27,000	28,000	58	127	187	225	258
28,000	29,000	63	138	204	243	280
29,000	30,000	68	148	221	263	302
30,000	31,000	73	159	237	282	325
31,000	32,000	78	170	253	301	348
32,000	33,000	83	181	269	321	370
33,000	34,000	88	192	285	340	393
34,000	35,000	93	203	301	360	414
35,000	36,000	98	214	317	379	437
36,000	37,000	103	225	333	399	459
37,000	38,000	108	235	350	418	482
38,000	39,000	113	246	366	437	505
39,000	40,000	118	257	382	457	526
40,000	41,000	123	268	398	476	549
41,000	42,000	128	279	414	496	571
42,000	43,000	133	290	430	515	594
43,000	44,000	137	301	447	534	616
44,000	45,000	142	312	463	553	639
45,000	46,000	147	323	479	573	661
46,000	47,000	152	334	495	592	684
47,000	48,000	157	345	511	612	705
48,000	49,000	162	356	527	631	728
49,000	50,000	167	366	544	651	750
50,000	51,000	172	377	560	670	773
51,000	52,000	177	388	576	689	796
52,000	53,000	182	399	592	709	817

REV. PROC. 2008-22 TABLE 6
DOLLAR AMOUNTS FOR TRUCKS AND VANS
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2008

Fair Market Value of Truck or Van		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & later
Over	Not Over					
53,000	54,000	187	410	608	728	840
54,000	55,000	192	421	624	748	862
55,000	56,000	197	432	640	767	885
56,000	57,000	202	443	656	787	907
57,000	58,000	207	453	673	806	929
58,000	59,000	212	464	689	825	952
59,000	60,000	217	475	705	845	974
60,000	62,000	224	492	729	874	1,008
62,000	64,000	234	513	762	913	1,052
64,000	66,000	244	535	794	951	1,098
66,000	68,000	254	557	826	990	1,142
68,000	70,000	264	579	858	1,029	1,187
70,000	72,000	274	600	892	1,067	1,232
72,000	74,000	284	622	924	1,106	1,276
74,000	76,000	294	644	956	1,145	1,321
76,000	78,000	304	666	988	1,184	1,366
78,000	80,000	314	687	1,021	1,222	1,411
80,000	85,000	331	726	1,077	1,290	1,489
85,000	90,000	356	780	1,158	1,387	1,601
90,000	95,000	381	835	1,238	1,484	1,713
95,000	100,000	405	889	1,320	1,581	1,825
100,000	110,000	443	971	1,440	1,727	1,993
110,000	120,000	492	1,080	1,602	1,921	2,216
120,000	130,000	542	1,189	1,764	2,114	2,440
130,000	140,000	592	1,297	1,926	2,308	2,665
140,000	150,000	641	1,407	2,087	2,502	2,888
150,000	160,000	691	1,515	2,249	2,696	3,112
160,000	170,000	740	1,625	2,410	2,890	3,336
170,000	180,000	790	1,733	2,573	3,083	3,560
180,000	190,000	840	1,842	2,734	3,278	3,783
190,000	200,000	889	1,951	2,896	3,472	4,007
200,000	210,000	939	2,060	3,058	3,665	4,231
210,000	220,000	989	2,169	3,219	3,859	4,455
220,000	230,000	1,038	2,278	3,381	4,053	4,678
230,000	240,000	1,088	2,387	3,542	4,247	4,903
240,000	and up	1,137	2,496	3,704	4,441	5,126

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles (other than leased passenger automobiles) that are first placed in service by the taxpayer during calendar year 2008, and to leased passenger automobiles that are first leased by the taxpayer during calendar year 2008.

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 the depreciation limitations and lessee inclusion amounts in this revenue procedure, contact Bernard P. Harvey at (202) 622-4930 (not a toll-free call).