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Rev. Proc. 2017-29

SECTION 1. PURPOSE

This revenue procedure provides: (1) tables of limitations on depreciation deductions for owners of passenger automobiles first placed in service by the taxpayer during calendar year 2017, including separate tables of limitations on depreciation deductions for trucks and vans; and (2) tables of amounts that must be included in income by lessees of passenger automobiles first leased by the taxpayer during calendar year 2017, including a separate table of inclusion amounts for lessees of trucks and vans. The tables detailing these depreciation limitations and lessee inclusion amounts reflect the automobile price inflation adjustments required by § 280F(d)(7).

SECTION 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 1988, § 280F(d)(7) requires the Internal Revenue Service to increase the amounts allowable as depreciation deductions by a price inflation adjustment amount. 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 for trucks and vans since 1988.

.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 50 percent of the property's adjusted basis (hereinafter, referred to as "§ 168(k) additional first year depreciation deduction"). The § 168(k) additional first year depreciation deduction generally applies to qualified property placed in service before January 1, 2020. Section 168(k)(2)(F)(i) and (iii) increases the first year depreciation allowed under § 280F(a)(1)(A)(i) by \$8,000 for passenger automobiles placed in service by the taxpayer before January 1, 2018, and to which the § 168(k) additional first year depreciation deduction applies.

.03 Tables 1 through 4 of this revenue procedure provide depreciation limitations for passenger automobiles placed in service during calendar year 2017. Table 1 (passenger automobiles that are not trucks or vans) and Table 2 (trucks and vans) provide depreciation limitations for passenger automobiles for which the § 168(k) additional first year depreciation deduction applies. Table 3 (passenger automobiles that are not trucks or vans) and Table 4 (trucks and vans) provide depreciation limitations for passenger automobiles for which the § 168(k) additional first year depreciation deduction does not apply. The § 168(k) additional first year depreciation deduction does not apply for 2017 if the taxpayer: (1) acquired the passenger automobile used; (2) did not use the passenger automobile during 2017 more than 50 percent for business purposes; (3) elected out of the § 168(k) additional first year depreciation deduction pursuant to § 168(k)(7); or (4) elected to increase the alternative minimum tax (AMT) credit limitation under § 53, instead of claiming the § 168(k) additional first year depreciation deduction, for qualified property placed in service

during 2017 pursuant to § 168(k)(4).

.04 Section 280F(c)(2) requires a reduction in the deduction allowed to the lessee of a leased 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 a lessee to include in gross income an amount determined by applying a formula to the amount obtained from a table. Table 5 applies to lessees of passenger automobiles that are not trucks and vans and Table 6 applies to lessees of trucks and vans. 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 4.01(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 2017, and continue to apply for each taxable year that the passenger automobile remains in service.

.02 The tables in section 4.02 of this revenue procedure apply to leased passenger automobiles for which the lease term begins during calendar year 2017. Lessees of these 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. 2012-23, 2012-14 I.R.B. 712, for passenger automobiles first leased during calendar year 2012; Rev. Proc. 2013-21, 2013-12 I.R.B. 660, for passenger automobiles first leased during calendar year 2013; Rev. Proc. 2014-21, 2014-11 I.R.B. 641, as amplified and modified by section 4.03 of Rev. Proc. 2015-19, 2015-8 I.R.B. 656, for

passenger automobiles first leased during calendar year 2014; Rev. Proc. 2015-19, as amplified and modified by section 4.03 of Rev. Proc. 2016-23, 2016-16 I.R.B. 581, for passenger automobiles first leased during calendar year 2015, and Rev. Proc. 2016-23 for passenger automobiles first leased during calendar year 2016.

SECTION 4. APPLICATION

.01 Limitations on Depreciation Deductions for Certain Automobiles.

(1) Amount of the inflation adjustment.

(a) Passenger automobiles (other than trucks or vans). 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. Section 280F(d)(7)(B)(ii) defines the term "CPI automobile component" as the automobile component of the Consumer Price Index for all Urban Consumers published by the Department of Labor. The new car component of the CPI was 115.2 for October 1987 and 143.032 for October 2016. The October 2016 index exceeded the October 1987 index by 27.832. Therefore, the automobile price inflation adjustment for 2017 for passenger automobiles (other than trucks and vans) is 24.2 percent ($27.832/115.2 \times 100\%$). The dollar limitations in § 280F(a) are multiplied by a factor of 0.242, 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 2017. This adjustment applies to all passenger automobiles (other than trucks and vans) that are first placed in service in calendar year 2017.

(b) Trucks and vans. To determine the dollar limitations for trucks and vans first placed in service during calendar year 2017, the Service uses the new truck component of the CPI instead of the new car component. The new truck component of the CPI was 112.4 for October 1987 and 156.189 for October 2016. The October 2016 index exceeded the October 1987 index by 43.789. Therefore, the automobile price inflation adjustment for 2017 for trucks and vans is 39.0 percent ($43.789/112.4 \times 100\%$). The dollar limitations in § 280F(a) are multiplied by a factor of 0.390, 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. This adjustment applies to all trucks and vans that are first placed in service in calendar year 2017.

(2) Amount of the limitation. Tables 1 and 2 contain the dollar amount of the depreciation limitation for each taxable year for passenger automobiles a taxpayer places in service in calendar year 2017. Use Table 1 for a passenger automobile (other than a truck or van), and Table 2 for a truck or van, placed in service in calendar year 2017 for which the § 168(k) additional first year depreciation deduction applies. Use Table 3 for a passenger automobile (other than a truck or van), and Table 4 for a truck or van, placed in service in calendar year 2017 for which the § 168(k) additional first year depreciation deduction does not apply.

REV. PROC. 2017-29 TABLE 1	
DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE IN CALENDAR YEAR 2017 FOR WHICH THE § 168(k) 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

REV. PROC. 2017-29 TABLE 2
DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE IN
CALENDAR YEAR 2017 FOR WHICH THE § 168(k) ADDITIONAL FIRST YEAR
DEPRECIATION DEDUCTION APPLIES

<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 11,560
2nd Tax Year	\$ 5,700
3rd Tax Year	\$ 3,450
Each Succeeding Year	\$ 2,075

REV. PROC. 2017-29 TABLE 3
DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES
(THAT ARE NOT TRUCKS OR VANS) PLACED IN SERVICE IN CALENDAR YEAR
2017 FOR WHICH THE § 168(k) 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. 2017-29 TABLE 4
DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE IN
CALENDAR YEAR 2017 FOR WHICH THE § 168(k) ADDITIONAL FIRST YEAR
DEPRECIATION DEDUCTION DOES NOT APPLY

<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 3,560
2nd Tax Year	\$ 5,700
3rd Tax Year	\$ 3,450
Each Succeeding Year	\$ 2,075

.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 first leased in calendar year 2017. In

applying these procedures, lessees of passenger automobiles other than trucks and vans should use Table 5 of this revenue procedure, while lessees of trucks and vans should use Table 6 of this revenue procedure.

REV. PROC. 2017-29 TABLE 5						
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017						
Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1 st	2 nd	3 rd	4 th	5 th & later
\$19,000	\$19,500	6	14	20	23	27
19,500	20,000	7	16	23	27	31
20,000	20,500	8	18	26	30	35
20,500	21,000	9	20	28	35	39
21,000	21,500	10	21	32	38	44
21,500	22,000	11	23	35	42	47
22,000	23,000	12	27	39	47	53
23,000	24,000	14	31	45	54	62
24,000	25,000	16	34	52	61	70
25,000	26,000	18	38	58	68	78
26,000	27,000	19	43	63	75	87
27,000	28,000	21	47	69	82	95
28,000	29,000	23	51	75	89	103
29,000	30,000	25	55	80	97	112
30,000	31,000	27	58	87	104	120
31,000	32,000	29	62	93	111	128
32,000	33,000	30	67	99	118	136
33,000	34,000	32	71	104	126	144
34,000	35,000	34	75	110	133	152
35,000	36,000	36	79	116	140	160
36,000	37,000	38	82	123	147	169
37,000	38,000	40	86	129	154	177
38,000	39,000	41	91	134	161	186
39,000	40,000	43	95	140	168	194
40,000	41,000	45	99	146	175	202
41,000	42,000	47	103	152	182	210
42,000	43,000	49	106	159	189	218
43,000	44,000	50	111	164	197	226
44,000	45,000	52	115	170	204	234
45,000	46,000	54	119	176	211	243

REV. PROC. 2017-29 TABLE 5
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES
(THAT ARE NOT TRUCKS OR VANS)
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1 st	2 nd	3 rd	4 th	5 th & later
Over	Not Over					
46,000	47,000	56	123	182	218	251
47,000	48,000	58	127	187	225	260
48,000	49,000	60	130	194	232	268
49,000	50,000	61	135	200	239	276
50,000	51,000	63	139	206	246	284
51,000	52,000	65	143	211	254	292
52,000	53,000	67	147	217	261	301
53,000	54,000	69	151	223	268	309
54,000	55,000	70	155	229	275	318
55,000	56,000	72	159	235	282	326
56,000	57,000	74	163	241	289	334
57,000	58,000	76	167	247	296	342
58,000	59,000	78	171	253	303	350
59,000	60,000	80	174	260	310	359
60,000	62,000	82	181	268	321	371
62,000	64,000	86	189	280	335	387
64,000	66,000	90	197	292	349	404
66,000	68,000	93	205	304	364	420
68,000	70,000	97	213	315	379	436
70,000	72,000	101	221	327	393	453
72,000	74,000	104	229	339	407	470
74,000	76,000	108	237	351	421	486
76,000	78,000	111	245	363	436	502
78,000	80,000	115	253	375	450	518
80,000	85,000	122	267	396	474	548
85,000	90,000	131	287	425	511	588
90,000	95,000	140	307	455	546	630
95,000	100,000	149	327	485	581	671
100,000	110,000	162	357	530	635	733
110,000	120,000	181	397	589	706	815
120,000	130,000	199	437	649	777	898
130,000	140,000	217	477	708	849	980
140,000	150,000	235	517	768	920	1,062
150,000	160,000	254	557	827	991	1,145
160,000	170,000	272	597	887	1,062	1,227
170,000	180,000	290	637	946	1,134	1,309
180,000	190,000	308	677	1,006	1,205	1,391

REV. PROC. 2017-29 TABLE 5						
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017						
Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1 st	2 nd	3 rd	4 th	5 th & later
190,000	200,000	326	718	1,064	1,277	1,473
200,000	210,000	345	757	1,124	1,348	1,556
210,000	220,000	363	797	1,184	1,419	1,638
220,000	230,000	381	837	1,244	1,490	1,721
230,000	240,000	399	878	1,302	1,562	1,803
240,000	and over	418	917	1,362	1,633	1,885

REV. PROC. 2017-29 TABLE 6						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1 st	2 nd	3 rd	4 th	5 th & later
\$19,500	\$20,000	4	8	11	13	16
20,000	20,500	4	10	14	17	20
20,500	21,000	5	12	17	21	23
21,000	21,500	6	14	20	24	28
21,500	22,000	7	16	23	28	32
22,000	23,000	9	19	27	33	38
23,000	24,000	10	23	34	40	46
24,000	25,000	12	27	39	48	54
25,000	26,000	14	31	45	55	62
26,000	27,000	16	35	51	62	71
27,000	28,000	18	39	57	69	79
28,000	29,000	19	43	63	76	88
29,000	30,000	21	47	69	83	96
30,000	31,000	23	51	75	90	104
31,000	32,000	25	55	81	97	112
32,000	33,000	27	59	87	104	120
33,000	34,000	29	63	93	111	129
34,000	35,000	30	67	99	119	136
35,000	36,000	32	71	105	126	145
36,000	37,000	34	75	111	133	153
37,000	38,000	36	79	117	140	161
38,000	39,000	38	83	122	148	169

REV. PROC. 2017-29 TABLE 6						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1 st	2 nd	3 rd	4 th	5 th & later
39,000	40,000	40	87	128	155	177
40,000	41,000	41	91	135	161	186
41,000	42,000	43	95	141	168	194
42,000	43,000	45	99	146	176	203
43,000	44,000	47	103	152	183	211
44,000	45,000	49	107	158	190	219
45,000	46,000	50	111	165	196	228
46,000	47,000	52	115	170	204	236
47,000	48,000	54	119	176	211	244
48,000	49,000	56	123	182	218	252
49,000	50,000	58	127	188	225	261
50,000	51,000	60	131	194	232	269
51,000	52,000	61	135	200	240	277
52,000	53,000	63	139	206	247	285
53,000	54,000	65	143	212	254	293
54,000	55,000	67	147	218	261	301
55,000	56,000	69	151	224	268	309
56,000	57,000	70	155	230	275	318
57,000	58,000	72	159	236	282	326
58,000	59,000	74	163	242	289	335
59,000	60,000	76	167	248	296	343
60,000	62,000	79	173	256	308	355
62,000	64,000	82	181	269	321	372
64,000	66,000	86	189	280	336	388
66,000	68,000	90	197	292	350	404
68,000	70,000	93	205	304	365	420
70,000	72,000	97	213	316	379	437
72,000	74,000	101	221	328	393	453
74,000	76,000	104	229	340	407	470
76,000	78,000	108	237	352	421	487
78,000	80,000	111	245	364	436	503
80,000	85,000	118	259	384	461	532
85,000	90,000	127	279	414	497	573
90,000	95,000	136	299	444	532	614
95,000	100,000	145	319	474	567	656
100,000	110,000	159	349	518	621	717
110,000	120,000	177	389	578	692	800
120,000	130,000	195	429	637	764	882

REV. PROC. 2017-29 TABLE 6						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2017						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1 st	2 nd	3 rd	4 th	5 th & later
130,000	140,000	213	470	696	835	964
140,000	150,000	232	509	756	906	1,047
150,000	160,000	250	549	816	977	1,129
160,000	170,000	268	589	875	1,049	1,211
170,000	180,000	286	630	934	1,120	1,293
180,000	190,000	305	669	994	1,191	1,376
190,000	200,000	323	709	1,054	1,262	1,458
200,000	210,000	341	750	1,112	1,334	1,540
210,000	220,000	359	790	1,172	1,405	1,623
220,000	230,000	377	830	1,231	1,477	1,705
230,000	240,000	396	870	1,290	1,548	1,787
240,000	and over	414	910	1,350	1,619	1,870

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles that a taxpayer first places in service or first leases during calendar year 2017.

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 this revenue procedure, contact Mr. Harvey at (202) 317-7005 (not a toll-free call).