

Tax Reform changes depreciation limits on luxury automobiles

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The [Tax Cuts and Jobs Act](#) changed depreciation limits for passenger vehicles placed in service after Dec. 31, 2017. If the taxpayer doesn't claim bonus depreciation, the greatest allowable depreciation deduction is:

- \$10,000 for the first year,
- \$16,000 for the second year,
- \$9,600 for the third year, and
- \$5,760 for each later taxable year in the recovery period.

If a taxpayer claims 100 percent bonus depreciation, the greatest allowable depreciation deduction is:

- \$18,000 for the first year,
- \$16,000 for the second year,
- \$9,600 for the third year, and
- \$5,760 for each later taxable year in the recovery period.

This change applies to property placed in service after Dec. 31, 2017.

If a taxpayer claims 100% bonus depreciation, the greatest allowable depreciation deduction is \$18,000 for the first year, and the same as above for later years.

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