

The Bankler Report

March 13, 2014

INTRODUCTION

The IRS has released the 2014 inflation-adjusted depreciation limits for business autos, light trucks and vans placed in service by taxpayers in 2014.

Background.

Depreciation deduction limits for 2014 are the same as in 2013 for a passenger auto, while most of the limits are \$100 higher for a light truck or van.

No Bonus Depreciation.

The bonus depreciation rules for additional first-year depreciation for autos, light trucks and vans only applied to vehicles placed in service before Jan. 1, 2014. As a result, for 2014, there are not separate tables for vehicles that qualify for this additional depreciation.

2014 Depreciation Limits.

There are two sets of dollar limits for vehicles placed in service by taxpayers in 2014. One is for passenger autos that are not trucks or vans and are subject to the luxury-auto limits (\$16,000) of the Internal Revenue Code and are 6,000 pounds unloaded gross vehicle weight or less. The other is for light trucks or vans (passenger autos built on a truck chassis, including minivans and sport-utility vehicles (SUVs) built on a truck chassis) that are subject to the luxury-auto limits (\$17,300) and are 6,000 pounds gross (loaded) vehicle weight or less. Note: Certain non-personal-use vehicles are exempt from the luxury auto limits regardless of their weight.

The following are the annual depreciation dollar caps for vehicles that are subject to the luxury-auto limits and placed in service by the taxpayer in calendar year 2014.

For an auto:

- \$3,160 for the placed-in-service year;
- \$5,100 for the second tax year;
- \$3,050 for the third tax year; and
- \$1,875 for each succeeding year.

For a light truck or van:

- \$3,460 for the placed-in-service year;
- \$5,500 for the second tax year;
- \$3,350 for the third tax year; and
- \$1,975 for each succeeding year.

Please feel free to contact me should you have any questions or need assistance.