



# *Depreciation and Cost Recovery Rules: 2019 and Later*

## **BONUS DEPRECIATION:**

- Section 168(k) bonus depreciation of 100% is available for qualified property placed in service beginning September 28, 2017 through December 31, 2022.
  - Section 168(k) is an additional first year depreciation deduction allowed if qualifying property meets each of the following conditions:
    - ◆ Has a recovery period of 20 years or less;
    - ◆ Qualified property begins with the taxpayer, meaning it can be used property, however, cannot have been previously deducted by the taxpayer.
  - Section 168(k) deduction phases out through 2026.

## **SECTION 179 DEPRECIATION:**

- Code Section 179 allows for the immediate write-off of up to \$1,020,000 of qualifying property purchases for tax year 2019.
- Phase out for Section 179 for 2019 begins at \$2,550,000 of qualifying property purchases. After the qualifying property purchases exceed \$2,550,000, then the phaseout deduction of \$1,020,000 reduces dollar for dollar.

## **DEPRECIATION ON BUILDING IMPROVEMENTS:**

- Qualified improvement property placed in service beginning in 2018 will NOT qualify for Section 168(k) bonus depreciation, however, these improvements do qualify for the Section 179 expensing election.
- HVAC property, fire protection, alarm systems, and security systems are all considered qualified improvement property and qualify for the Section 179 expensing election if placed in service after the building was first placed in service.
- The recovery period for qualified improvement property is 39 years.

## **DEPRECIATION ON AUTOMOBILES:**

- Passenger automobiles qualify for the Section 168(k) bonus depreciation deduction. In the first year placed in service, the maximum bonus depreciation deduction is \$18,100, \$16,100 the second year, \$9,700 the third year, and \$5,760 per year then after.
- The phaseout for a sport utility vehicle with a GVW of 6000 lbs. or more is \$25,500.

## **Contact us today!**



David L. Maaskant, CPA, CVA  
*Member of the Firm*  
717.243.9104  
dmaaskant@sek.com