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Treasury, IRS issue proposed regulations on new 100 percent depreciation deduction

IR-2018-159, Aug. 3, 2018

WASHINGTON — The Treasury Department and the Internal Revenue Service today issued proposed regulations on the new 100-percent depreciation deduction that allows businesses to write off most depreciable business assets in the year they are placed in service.

The proposed regulations, available today in the Federal Register, implement several provisions included in the Tax Cuts and Jobs Act (TCJA),

The 100-percent depreciation deduction generally applies to depreciable business assets with a recovery period of 20 years or less and certain other property. Machinery, equipment, computers, appliances and furniture generally qualify.

The deduction is retroactive, applying to qualifying property acquired and placed in service after Sept. 27, 2017. The proposed regulations provide guidance on what property qualifies for the deduction and rules for qualified film, television, live theatrical productions and certain plants.

For details on claiming the deduction or electing out of claiming it, see the proposed regulations or the instructions to Form 4562, Depreciation and Amortization (Including Information on Listed Property).

Taxpayers who elect out of the 100-percent depreciation deduction must do so on a timely-filed return. Those who have already filed their 2017 return and either did not claim the mandatory deduction on qualifying property, or did not elect out but still wish to do so, will need to file an amended return.

Treasury and IRS welcome public comment, and the proposed regulations provide details on how to submit comments.

For more information about this and other TCJA provisions, visit IRS.gov/taxreform.

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