

extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121(l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.

(Added Sept. 1, 1954, ch. 1206, title II, §210(a), 68 Stat. 1096.)

[§ 177. Repealed. Pub. L. 99-514, title II, § 241(a), Oct. 22, 1986, 100 Stat. 2181]

Section, added June 29, 1956, ch. 464, §4(a), 70 Stat. 406; amended Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906(b)(13)(A), 90 Stat. 1834, related to deductions for trademark and trade name expenditures.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Pub. L. 99-514, title II, §241(c), Oct. 22, 1986, 100 Stat. 2181, provided that:

“(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section [amending sections 312 and 1016 of this title and repealing this section] shall apply to expenditures paid or incurred after December 31, 1986.

“(2) **TRANSITIONAL RULE.**—The amendments made by this section shall not apply to any expenditure incurred—

“(A) pursuant to a binding contract entered into before March 2, 1986, or

“(B) with respect to the development, protection, expansion, registration, or defense of a trademark or trade name commenced before March 2, 1986, but only if not less than the lesser of \$1,000,000 or 5 percent of the aggregate cost of such development, protection, expansion, registration, or defense has been incurred or committed before such date.

The preceding sentence shall not apply to any expenditure with respect to a trademark or trade name placed in service after December 31, 1987.”

§ 178. Amortization of cost of acquiring a lease

(a) General rule

In determining the amount of the deduction allowable to a lessee for exhaustion, wear and tear, obsolescence, or amortization in respect of any cost of acquiring the lease, the term of the lease shall be treated as including all renewal options (and any other period for which the parties reasonably expect the lease to be renewed) if less than 75 percent of such cost is attributable to the period of the term of the lease remaining on the date of its acquisition.

(b) Certain periods excluded

For purposes of subsection (a), in determining the period of the term of the lease remaining on the date of acquisition, there shall not be taken into account any period for which the lease may subsequently be renewed, extended, or continued pursuant to an option exercisable by the lessee.

(Added Pub. L. 85-866, title I, §15(a), Sept. 2, 1958, 72 Stat. 1612; amended Pub. L. 99-514, title II, §201(d)(2)(A), title XVIII, §1812(c)(4)(B), Oct. 22, 1986, 100 Stat. 2139, 2835; Pub. L. 100-647, title I, §1002(a)(9), Nov. 10, 1988, 102 Stat. 3354.)

Editorial Notes

AMENDMENTS

1988—Subsec. (a). Pub. L. 100-647 substituted “the deduction allowable to a lessee for exhaustion, wear and

tear, obsolescence, or amortization” for “the deduction allowable to a lessee of a lease for any taxable year for amortization under section 167, 169, 179, 185, 190, 193, or 194”.

1986—Pub. L. 99-514, §201(d)(2)(A), in amending section generally, substituted provision relating to amortization of cost of acquiring a lease, subsec. (a) setting out a general rule and subsec. (b) excluding certain periods, for former provision for depreciation or amortization of improvements made by lessee on lessor’s property, subsec. (a) setting out a general rule, subsec. (b), in case of related lessee and lessor, setting out a general rule in par. (1) and defining related persons in par. (2), and subsec. (c) setting out a reasonable certainty test.

Subsec. (b)(2)(B). Pub. L. 99-514, §1812(c)(4)(B), inserted before the period “and subsection (f)(1)(A) of such section shall not apply”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 201(d)(2)(A) of Pub. L. 99-514 applicable to property placed in service after Dec. 31, 1986, in taxable years ending after such date, with exceptions, see sections 203 and 204 of Pub. L. 99-514, set out as a note under section 168 of this title.

Amendment by section 201(d)(2)(A) of Pub. L. 99-514 not applicable to any property placed in service before Jan. 1, 1994, if such property placed in service as part of specified rehabilitations, and not applicable to certain additional rehabilitations, see section 251(d)(2), (3) of Pub. L. 99-514, set out as a note under section 46 of this title.

Amendment by section 1812(c)(4)(B) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

EFFECTIVE DATE

Pub. L. 85-866, title I, §15(c), Sept. 2, 1958, 72 Stat. 1613, provided that: “The amendments made by this section [enacting this section and amending analysis preceding section 161 of this title] shall apply with respect to costs of acquiring a lease incurred, and improvements begun, after July 28, 1958 (other than improvements which, on July 28, 1958, and at all times thereafter, the lessee was under a binding legal obligation to make).”

**PLAN AMENDMENTS NOT REQUIRED UNTIL
JANUARY 1, 1989**

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§1101-1147 and 1171-1177] or title XVIII [§§1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

§ 179. Election to expense certain depreciable business assets

(a) Treatment as expenses

A taxpayer may elect to treat the cost of any section 179 property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the

taxable year in which the section 179 property is placed in service.

(b) Limitations

(1) Dollar limitation

The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed \$1,000,000.

(2) Reduction in limitation

The limitation under paragraph (1) for any taxable year shall be reduced (but not below zero) by the amount by which the cost of section 179 property placed in service during such taxable year exceeds \$2,500,000.

(3) Limitation based on income from trade or business

(A) In general

The amount allowed as a deduction under subsection (a) for any taxable year (determined after the application of paragraphs (1) and (2)) shall not exceed the aggregate amount of taxable income of the taxpayer for such taxable year which is derived from the active conduct by the taxpayer of any trade or business during such taxable year.

(B) Carryover of disallowed deduction

The amount allowable as a deduction under subsection (a) for any taxable year shall be increased by the lesser of—

(i) the aggregate amount disallowed under subparagraph (A) for all prior taxable years (to the extent not previously allowed as a deduction by reason of this subparagraph), or

(ii) the excess (if any) of—

(I) the limitation of paragraphs (1) and (2) (or if lesser, the aggregate amount of taxable income referred to in subparagraph (A)), over

(II) the amount allowable as a deduction under subsection (a) for such taxable year without regard to this subparagraph.

(C) Computation of taxable income

For purposes of this paragraph, taxable income derived from the conduct of a trade or business shall be computed without regard to the deduction allowable under this section.

(4) Married individuals filing separately

In the case of a husband and wife filing separate returns for the taxable year—

(A) such individuals shall be treated as 1 taxpayer for purposes of paragraphs (1) and (2), and

(B) unless such individuals elect otherwise, 50 percent of the cost which may be taken into account under subsection (a) for such taxable year (before application of paragraph (3)) shall be allocated to each such individual.

(5) Limitation on cost taken into account for certain passenger vehicles

(A) In general

The cost of any sport utility vehicle for any taxable year which may be taken into

account under this section shall not exceed \$25,000.

(B) Sport utility vehicle

For purposes of subparagraph (A)—

(i) In general

The term “sport utility vehicle” means any 4-wheeled vehicle—

(I) which is primarily designed or which can be used to carry passengers over public streets, roads, or highways (except any vehicle operated exclusively on a rail or rails),

(II) which is not subject to section 280F, and

(III) which is rated at not more than 14,000 pounds gross vehicle weight.

(ii) Certain vehicles excluded

Such term does not include any vehicle which—

(I) is designed to have a seating capacity of more than 9 persons behind the driver's seat,

(II) is equipped with a cargo area of at least 6 feet in interior length which is an open area or is designed for use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment, or

(III) has an integral enclosure, fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.

(6) Inflation adjustment

(A) In general

In the case of any taxable year beginning after 2018, the dollar amounts in paragraphs (1), (2), and (5)(A) shall each be increased by an amount equal to—

(i) such dollar amount, multiplied by

(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting “calendar year 2017” for “calendar year 2016” in subparagraph (A)(ii) thereof.

(B) Rounding

The amount of any increase under subparagraph (A) shall be rounded to the nearest multiple of \$10,000 (\$100 in the case of any increase in the amount under paragraph (5)(A)).

(c) Election

(1) In general

An election under this section for any taxable year shall—

(A) specify the items of section 179 property to which the election applies and the portion of the cost of each of such items which is to be taken into account under subsection (a), and

(B) be made on the taxpayer's return of the tax imposed by this chapter for the taxable year.

Such election shall be made in such manner as the Secretary may by regulations prescribe.

(2) Election

Any election made under this section, and any specification contained in any such election, may be revoked by the taxpayer with respect to any property, and such revocation, once made, shall be irrevocable.

(d) Definitions and special rules

(1) Section 179 property

For purposes of this section, the term “section 179 property” means property—

(A) which is—

(i) tangible property (to which section 168 applies), or

(ii) computer software (as defined in section 197(e)(3)(B)) which is described in section 197(e)(3)(A)(i) and to which section 167 applies,

(B) which is—

(i) section 1245 property (as defined in section 1245(a)(3)), or

(ii) at the election of the taxpayer, qualified real property (as defined in subsection (e)), and

(C) which is acquired by purchase for use in the active conduct of a trade or business.

Such term shall not include any property described in section 50(b) (other than paragraph (2) thereof).

(2) Purchase defined

For purposes of paragraph (1), the term “purchase” means any acquisition of property, but only if—

(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants),

(B) the property is not acquired by one component member of a controlled group from another component member of the same controlled group, and

(C) the basis of the property in the hands of the person acquiring it is not determined—

(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

(ii) under section 1014(a) (relating to property acquired from a decedent).

(3) Cost

For purposes of this section, the cost of property does not include so much of the basis of such property as is determined by reference to the basis of other property held at any time by the person acquiring such property.

(4) Section not to apply to estates and trusts

This section shall not apply to estates and trusts.

(5) Section not to apply to certain noncorporate lessors

This section shall not apply to any section 179 property which is purchased by a person who is not a corporation and with respect to which such person is the lessor unless—

(A) the property subject to the lease has been manufactured or produced by the lessor, or

(B) the term of the lease (taking into account options to renew) is less than 50 percent of the class life of the property (as defined in section 168(i)(1)), and for the period consisting of the first 12 months after the date on which the property is transferred to the lessee the sum of the deductions with respect to such property which are allowable to the lessor solely by reason of section 162 (other than rents and reimbursed amounts with respect to such property) exceeds 15 percent of the rental income produced by such property.

(6) Dollar limitation of controlled group

For purposes of subsection (b) of this section—

(A) all component members of a controlled group shall be treated as one taxpayer, and

(B) the Secretary shall apportion the dollar limitation contained in subsection (b)(1) among the component members of such controlled group in such manner as he shall by regulations prescribe.

(7) Controlled group defined

For purposes of paragraphs (2) and (6), the term “controlled group” has the meaning assigned to it by section 1563(a), except that, for such purposes, the phrase “more than 50 percent” shall be substituted for the phrase “at least 80 percent” each place it appears in section 1563(a)(1).

(8) Treatment of partnerships and S corporations

In the case of a partnership, the limitations of subsection (b) shall apply with respect to the partnership and with respect to each partner. A similar rule shall apply in the case of an S corporation and its shareholders.

(9) Coordination with section 38

No credit shall be allowed under section 38 with respect to any amount for which a deduction is allowed under subsection (a).

(10) Recapture in certain cases

The Secretary shall, by regulations, provide for recapturing the benefit under any deduction allowable under subsection (a) with respect to any property which is not used predominantly in a trade or business at any time.

(e) Qualified real property

For purposes of this section, the term “qualified real property” means—

(1) any qualified improvement property described in section 168(e)(6), and

(2) any of the following improvements to nonresidential real property placed in service after the date such property was first placed in service:

(A) Roofs.

(B) Heating, ventilation, and air-conditioning property.

(C) Fire protection and alarm systems.

(D) Security systems.

(Added Pub. L. 85-866, title II, §204(a), Sept. 2, 1958, 72 Stat. 1679; amended Pub. L. 87-834, §13(c)(2), Oct. 16, 1962, 76 Stat. 1034; Pub. L. 91-172, title IV, §401(f), Dec. 30, 1969, 83 Stat. 603; Pub. L. 94-455, title II, §213(a), title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1547, 1834; Pub. L. 97-34, title II, §202(a), Aug. 13, 1981, 95 Stat. 219; Pub. L. 97-354, §3(f), Oct. 19, 1982, 96 Stat. 1689; Pub. L. 97-448, title I, §102(aa), Jan. 12, 1983, 96 Stat. 2369; Pub. L. 98-369, div. A, title I, §13, July 18, 1984, 98 Stat. 505; Pub. L. 99-514, title II, §§201(d)(3), 202, Oct. 22, 1986, 100 Stat. 2139, 2142; Pub. L. 100-647, title I, §1002(a)(19), (b)(1), Nov. 10, 1988, 102 Stat. 3356, 3357; Pub. L. 101-508, title XI, §11813(b)(11), Nov. 5, 1990, 104 Stat. 1388-554; Pub. L. 103-66, title XIII, §13116(a), Aug. 10, 1993, 107 Stat. 432; Pub. L. 104-188, title I, §§1111(a), 1702(h)(10), (19), Aug. 20, 1996, 110 Stat. 1758, 1874; Pub. L. 108-27, title II, §202(a)-(e), May 28, 2003, 117 Stat. 757, 758; Pub. L. 108-357, title II, §201, title VIII, §910(a), Oct. 22, 2004, 118 Stat. 1429, 1659; Pub. L. 109-222, title I, §101, May 17, 2006, 120 Stat. 346; Pub. L. 110-28, title VIII, §8212(a)-(c), May 25, 2007, 121 Stat. 192; Pub. L. 110-185, title I, §102(a), Feb. 13, 2008, 122 Stat. 618; Pub. L. 110-343, div. C, title VII, §711(a), Oct. 3, 2008, 122 Stat. 3928; Pub. L. 111-5, div. B, title I, §1202(a), Feb. 17, 2009, 123 Stat. 335; Pub. L. 111-147, title II, §201(a), Mar. 18, 2010, 124 Stat. 77; Pub. L. 111-240, title II, §2021(a)-(d), Sept. 27, 2010, 124 Stat. 2556, 2558; Pub. L. 111-312, title IV, §402(a)-(e), title VII, §737(b)(3), Dec. 17, 2010, 124 Stat. 3306, 3307, 3318; Pub. L. 112-240, title III, §315(a)-(d), Jan. 2, 2013, 126 Stat. 2330, 2331; Pub. L. 113-295, div. A, title I, §127(a)-(d), Dec. 19, 2014, 128 Stat. 4017; Pub. L. 114-113, div. Q, title I, §124(a)-(f), Dec. 18, 2015, 129 Stat. 3053; Pub. L. 115-97, title I, §§11002(d)(1)(R), 13101(a)-(c), Dec. 22, 2017, 131 Stat. 2060, 2101, 2102; Pub. L. 115-141, div. U, title IV, §401(b)(15)(A), (B), Mar. 23, 2018, 132 Stat. 1202.)

Editorial Notes

AMENDMENTS

2018—Subsec. (d)(1)(B)(ii). Pub. L. 115-141, §401(b)(15)(B), substituted “subsection (e)” for “subsection (f)”.

Subsecs. (e), (f). Pub. L. 115-141, §401(b)(15)(A), redesignated subsec. (f) as (e) and struck out former subsec. (e) which related to special rules for qualified disaster assistance property.

2017—Subsec. (b)(1). Pub. L. 115-97, §13101(a)(1), substituted “\$1,000,000” for “\$500,000”.

Subsec. (b)(2). Pub. L. 115-97, §13101(a)(2), substituted “\$2,500,000” for “\$2,000,000”.

Subsec. (b)(6)(A). Pub. L. 115-97, §13101(a)(3)(B)(i), substituted “paragraphs (1), (2), and (5)(A)” for “paragraphs (1) and (2)” in introductory provisions.

Pub. L. 115-97, §13101(a)(3)(A)(i), substituted “2018” for “2015” in introductory provisions.

Subsec. (b)(6)(A)(ii). Pub. L. 115-97, §13101(a)(3)(A)(ii), substituted “calendar year 2017” for “calendar year 2014”.

Pub. L. 115-97, §11002(d)(1)(R), substituted “for ‘calendar year 2016’ in subparagraph (A)(ii)” for “for ‘calendar year 1992’ in subparagraph (B)”.

Subsec. (b)(6)(B). Pub. L. 115-97, §13101(a)(3)(B)(ii), inserted “(\$100 in the case of any increase in the amount under paragraph (5)(A))” after “\$10,000”.

Subsec. (d)(1). Pub. L. 115-97, §13101(c), inserted “(other than paragraph (2) thereof)” after “section 50(b)” in concluding provisions.

Subsec. (d)(1)(B). Pub. L. 115-97, §13101(b)(1), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “which is section 1245 property (as defined in section 1245(a)(3)), and”.

Subsec. (f). Pub. L. 115-97, §13101(b)(2), amended subsec. (f) generally. Prior to amendment, subsec. (f) consisted of pars. (1) and (2) defining “section 179 property” and “qualified real property”, respectively.

2015—Subsec. (b)(1). Pub. L. 114-113, §124(a)(1), substituted “shall not exceed \$500,000.” for “shall not exceed—

“(A) \$250,000 in the case of taxable years beginning after 2007 and before 2010,

“(B) \$500,000 in the case of taxable years beginning after 2009 and before 2015, and

“(C) \$25,000 in the case of taxable years beginning after 2014.”

Subsec. (b)(2). Pub. L. 114-113, §124(a)(2), substituted “exceeds \$2,000,000.” for “exceeds—

“(A) \$800,000 in the case of taxable years beginning after 2007 and before 2010,

“(B) \$2,000,000 in the case of taxable years beginning after 2009 and before 2015, and

“(C) \$200,000 in the case of taxable years beginning after 2014.”

Subsec. (b)(6). Pub. L. 114-113, §124(f), added par. (6).

Subsec. (c)(2). Pub. L. 114-113, §124(d), struck out “irrevocable” after “Election” in heading and “may not be revoked except with the consent of the Secretary. Any such election or specification with respect to any taxable year beginning after 2002 and before 2015” after “such election,” in text.

Subsec. (d)(1). Pub. L. 114-113, §124(e), struck out “and shall not include air conditioning or heating units” after “section 50(b)” in concluding provisions.

Subsec. (d)(1)(A)(ii). Pub. L. 114-113, §124(b), substituted “and to which section 167 applies” for “, to which section 167 applies, and which is placed in service in a taxable year beginning after 2002 and before 2015”.

Subsec. (f)(1). Pub. L. 114-113, §124(c)(2)(A), struck out “beginning after 2009 and before 2016” after “any taxable year” in introductory provisions.

Pub. L. 114-113, §124(c)(1)(A), substituted “2016” for “2015” in introductory provisions.

Subsec. (f)(3). Pub. L. 114-113, §124(c)(2)(B), struck out par. (3). Text read as follows: “For purposes of applying the limitation under subsection (b)(1)(B), not more than \$250,000 of the aggregate cost which is taken into account under subsection (a) for any taxable year may be attributable to qualified real property.”

Subsec. (f)(4). Pub. L. 114-113, §124(c)(2)(B), struck out par. (4) which related to limitation of carryover of amounts attributable to qualified real property.

Pub. L. 114-113, §124(c)(1)(B), substituted “2015” for “2014” wherever appearing.

Subsec. (f)(4)(C). Pub. L. 114-113, §124(c)(1)(C), substituted “2013, and 2014” for “and 2013” in heading.

2014—Subsec. (b)(1)(B). Pub. L. 113-295, §127(a)(1)(A), substituted “beginning after 2009 and before 2015” for “beginning in 2010, 2011, 2012, or 2013”.

Subsec. (b)(1)(C). Pub. L. 113-295, §127(a)(1)(B), substituted “2014” for “2013”.

Subsec. (b)(2)(B). Pub. L. 113-295, §127(a)(2)(A), substituted “beginning after 2009 and before 2015” for “beginning in 2010, 2011, 2012, or 2013”.

Subsec. (b)(2)(C). Pub. L. 113-295, §127(a)(2)(B), substituted “2014” for “2013”.

Subsec. (c)(2). Pub. L. 113-295, §127(c), substituted “2015” for “2014”.

Subsec. (d)(1)(A)(ii). Pub. L. 113-295, §127(b), substituted “2015” for “2014”.

Subsec. (f)(1). Pub. L. 113-295, §127(d)(1), substituted “beginning after 2009 and before 2015” for “beginning in 2010, 2011, 2012, or 2013” in introductory provisions.

Subsec. (f)(4). Pub. L. 113-295, §127(d)(2)(A), substituted “2014” for “2013” wherever appearing.

Subsec. (f)(4)(C). Pub. L. 113-295, §127(d)(2)(B), substituted “2011, 2012, and 2013” for “2011 and 2012” in heading.

2013—Subsec. (b)(1)(B). Pub. L. 112-240, §315(a)(1)(A), substituted “2010, 2011, 2012, or 2013, and” for “2010 or 2011.”

Subsec. (b)(1)(C), (D). Pub. L. 112-240, §315(a)(1)(B)–(D), redesignated subpar. (D) as (C), substituted “2013” for “2012”, and struck out former subpar. (C) which read as follows: “\$125,000 in the case of taxable years beginning in 2012, and”.

Subsec. (b)(2)(B). Pub. L. 112-240, §315(a)(2)(A), substituted “2010, 2011, 2012, or 2013, and” for “2010 or 2011.”

Subsec. (b)(2)(C), (D). Pub. L. 112-240, §315(a)(2)(B)–(D), redesignated subpar. (D) as (C), substituted “2013” for “2012”, and struck out former subpar. (C) which read as follows: “\$500,000 in the case of taxable years beginning in 2012, and”.

Subsec. (b)(6). Pub. L. 112-240, §315(a)(3), struck out par. (6) which related to inflation adjustment.

Subsec. (c)(2). Pub. L. 112-240, §315(c), substituted “2014” for “2013”.

Subsec. (d)(1)(A)(ii). Pub. L. 112-240, §315(b), substituted “2014” for “2013”.

Subsec. (f)(1). Pub. L. 112-240, §315(d)(1), substituted “2010, 2011, 2012, or 2013” for “2010 or 2011” in introductory provisions.

Subsec. (f)(4)(A), (B). Pub. L. 112-240, §315(d)(2)(A), substituted “2013” for “2011”.

Subsec. (f)(4)(C). Pub. L. 112-240, §315(d)(2)(B), substituted “2010, 2011 and 2012” for “2010” in heading and inserted at end “For the last taxable year beginning in 2013, the amount determined under subsection (b)(3)(A) for such taxable year shall be determined without regard to this paragraph.”

Pub. L. 112-240, §315(d)(2)(A), substituted “2013” for “2011” in two places.

2010—Subsec. (b)(1). Pub. L. 111-240, §2021(a)(1), substituted “shall not exceed—” for “shall not exceed \$25,000 (\$250,000 in the case of taxable years beginning after 2007 and before 2011).” and added subpars. (A) to (C).

Pub. L. 111-147, §201(a)(1), substituted “(\$250,000 in the case of taxable years beginning after 2007 and before 2011)” for “(\$125,000 in the case of taxable years beginning after 2006 and before 2011)”.

Subsec. (b)(1)(C), (D). Pub. L. 111-312, §402(a), added subpars. (C) and (D) and struck out former subpar. (C), which read as follows: “\$25,000 in the case of taxable years beginning after 2011.”

Subsec. (b)(2). Pub. L. 111-240, §2021(a)(2), substituted “exceeds—” for “exceeds \$200,000 (\$800,000 in the case of taxable years beginning after 2007 and before 2011).” and added subpars. (A) to (C).

Pub. L. 111-147, §201(a)(2), substituted “(\$800,000 in the case of taxable years beginning after 2007 and before 2011)” for “(\$500,000 in the case of taxable years beginning after 2006 and before 2011)”.

Subsec. (b)(2)(C), (D). Pub. L. 111-312, §402(b), added subpars. (C) and (D) and struck out former subpar. (C), which read as follows: “\$200,000 in the case of taxable years beginning after 2011.”

Subsec. (b)(5). Pub. L. 111-147, §201(a)(3), (4), redesignated par. (6) as (5) and struck out former par. (5) which related to inflation adjustments.

Subsec. (b)(6). Pub. L. 111-312, §402(c), added par. (6).

Pub. L. 111-147, §201(a)(4), redesignated par. (6) as (5).

Subsec. (b)(7). Pub. L. 111-147, §201(a)(3), struck out par. (7) which related to increase in limitations for 2008 and 2009.

Subsec. (c)(2). Pub. L. 111-312, §402(e), substituted “2013” for “2012”.

Pub. L. 111-240, §2021(c), substituted “2012” for “2011”.

Subsec. (d)(1)(A)(ii). Pub. L. 111-312, §402(d), substituted “2013” for “2012”.

Pub. L. 111-240, §2021(d), substituted “2012” for “2011”.

Subsec. (f). Pub. L. 111-240, §2021(b), added subsec. (f).

Subsec. (f)(2)(B). Pub. L. 111-312, §737(b)(3)(A), struck out “(without regard to the dates specified in subparagraph (A)(i) thereof)” after “section 168(e)(7)”.

Subsec. (f)(2)(C). Pub. L. 111-312, §737(b)(3)(B), struck out “(without regard to subparagraph (E) thereof)” after “section 168(e)(8)”.

2009—Subsec. (b)(7). Pub. L. 111-5 substituted “2008, and 2009” for “2008” in heading and “2008, or 2009” for “2008” in introductory provisions.

2008—Subsec. (b)(7). Pub. L. 110-185 added par. (7).

Subsec. (e). Pub. L. 110-343 added subsec. (e).

2007—Subsec. (b)(1). Pub. L. 110-28, §8212(a), (b)(1), substituted “\$125,000 in the case of taxable years beginning after 2006” for “\$100,000 in the case of taxable years beginning after 2002” and “2011” for “2010”.

Subsec. (b)(2). Pub. L. 110-28, §8212(a), (b)(2), substituted “\$500,000 in the case of taxable years beginning after 2006” for “\$400,000 in the case of taxable years beginning after 2002” and “2011” for “2010”.

Subsec. (b)(5)(A). Pub. L. 110-28, §8212(a), (c)(1), (2), in introductory provisions, substituted “2007” for “2003”, “2011” for “2010”, and “\$125,000 and \$500,000” for “\$100,000 and \$400,000”.

Subsec. (b)(5)(A)(ii). Pub. L. 110-28, §8212(c)(3), substituted “2006” for “2002”.

Subsecs. (c)(2), (d)(1)(A)(ii). Pub. L. 110-28, §8212(a), substituted “2011” for “2010”.

2006—Subsecs. (b)(1), (2), (5)(A), (c)(2), (d)(1)(A)(ii). Pub. L. 109-222 substituted “2010” for “2008”.

2004—Subsec. (b)(1), (2), (5)(A). Pub. L. 108-357, §201, substituted “2008” for “2006”.

Subsec. (b)(6). Pub. L. 108-357, §910(a), added par. (6).

Subsecs. (c)(2), (d)(1)(A)(ii). Pub. L. 108-357, §201, substituted “2008” for “2006”.

2003—Subsec. (b)(1). Pub. L. 108-27, §202(a), reenacted heading without change and amended text generally. Prior to amendment, par. (1) contained a table specifying the maximum amounts for taxable years 1997 to 2003 and thereafter which could be taken into account as the aggregate costs under subsec. (a).

Subsec. (b)(2). Pub. L. 108-27, §202(b), inserted “\$400,000 in the case of taxable years beginning after 2002 and before 2006)” after “\$200,000”.

Subsec. (b)(5). Pub. L. 108-27, §202(d), added par. (5).

Subsec. (c)(2). Pub. L. 108-27, §202(e), inserted at end “Any such election or specification with respect to any taxable year beginning after 2002 and before 2006 may be revoked by the taxpayer with respect to any property, and such revocation, once made, shall be irrevocable.”

Subsec. (d)(1). Pub. L. 108-27, §202(c), reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “For purposes of this section, the term ‘section 179 property’ means any tangible property (to which section 168 applies) which is section 1245 property (as defined in section 1245(a)(3)) and which is acquired by purchase for use in the active conduct of a trade or business. Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units.”

1996—Subsec. (b)(1). Pub. L. 104-188, §1111(a), reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed \$17,500.”

Subsec. (d)(1). Pub. L. 104-188, §1702(h)(10), struck out “in” before “a trade or business”.

Pub. L. 104-188, §1702(h)(19), inserted at end “Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units.”

1993—Subsec. (b)(1). Pub. L. 103-66 substituted “\$17,500” for “\$10,000”.

1990—Subsec. (d)(1). Pub. L. 101-508, §11813(b)(11)(A), substituted “section 1245 property (as defined in section 1245(a)(3))” for “section 38 property”.

Subsec. (d)(5). Pub. L. 101-508, §11813(b)(11)(B), amended par. (5) generally. Prior to amendment, par. (5) read as follows: “This section shall not apply to any section 179 property purchased by any person described in section 46(e)(3) unless the credit under section 38 is allowable with respect to such person for such property (determined without regard to this section).”

1988—Subsec. (b)(3). Pub. L. 100-647, §1002(b)(1), amended par. (3) generally. Prior to amendment, par. (3) read as follows:

“(A) IN GENERAL.—The aggregate cost of section 179 property taken into account under subsection (a) for any taxable year shall not exceed the aggregate amount of taxable income of the taxpayer for such taxable year which is derived from the active conduct by the taxpayer of any trade or business during such taxable year.

“(B) CARRYOVER OF UNUSED COST.—The amount of any cost which (but for subparagraph (A)) would have been allowed as a deduction under subsection (a) for any taxable year shall be carried to the succeeding taxable year and added to the amount allowable as a deduction under subsection (a) for such succeeding taxable year.

“(C) COMPUTATION OF TAXABLE INCOME.—For purposes of this paragraph, taxable income derived from the conduct of a trade or business shall be computed without regard to the cost of any section 179 property.”

Subsec. (d)(1). Pub. L. 100-647, §1002(a)(19), substituted “tangible property (to which section 168 applies)” for “recovery property”.

1986—Subsec. (b). Pub. L. 99-514, §202(a), in amending subsec. (b) generally, substituted “Limitations” for “Dollar limitation” in heading, in par. (1) substituted as heading “Dollar limitation” for “In general” and in text “shall not exceed \$10,000” for “shall not exceed the following applicable amount:” and a table specifying amounts for specific years, added pars. (2) to (4), and struck out former par. (2) which read as follows: “In the case of a husband and wife filing separate returns for a taxable year, the applicable amount under paragraph (1) shall be equal to 50 percent of the amount otherwise determined under paragraph (1).”

Subsec. (d)(1). Pub. L. 99-514, §202(b), inserted “in the active conduct of”.

Subsec. (d)(8). Pub. L. 99-514, §201(d)(3), substituted “Treatment of” for “Dollar limitation in case of” in heading and amended text generally. Prior to amendment, text read as follows: “In the case of a partnership, the dollar limitation contained in subsection (b)(1) shall apply with respect to the partnership and with respect to each partner. A similar rule shall apply in the case of an S corporation and its shareholders.”

Subsec. (d)(10). Pub. L. 99-514, §202(c), struck out “before the close of the second taxable year following the taxable year in which it is placed in service by the taxpayer” after “at any time”.

1984—Subsec. (b)(1). Pub. L. 98-369 amended table by dropping items setting applicable amounts of \$0 for 1981 and \$5,000 for 1982, substituting an applicable amount of \$5,000 for 1983, 1984, 1985, 1986, and 1987 for former table items which had set applicable amounts of \$5,000 for 1983, \$7,500 for 1984, \$7,500 for 1985, and \$10,000 for 1986 or thereafter, and added items setting applicable amounts of \$7,500 for 1988 or 1989, and \$10,000 for 1990 or thereafter.

1983—Subsec. (d)(10). Pub. L. 97-448 added par. (10).

1982—Subsec. (d)(8). Pub. L. 97-354 substituted “partnerships and S corporations” for “partnerships” in heading, and inserted “A similar rule shall apply in the case of an S corporation and its shareholders.”

1981—Pub. L. 97-34 amended section generally, changing its content from provisions that formerly made available an additional first-year depreciation allowance for small businesses to provisions allowing a taxpayer to elect to treat the cost of section 179 property as an expense which is not chargeable to capital account, with any cost so treated to be allowed as a deduction for the taxable year in which the section 179 property is placed in service.

1976—Subsecs. (c)(1), (2), (d)(6)(B). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (d)(8), (9). Pub. L. 94-455, §213(a), added par. (8) and redesignated former par. (8) as par. (9).

Subsec. (e). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

1969—Subsec. (d). Pub. L. 91-172 substituted reference to component members of a controlled group for reference to members of an affiliated group in pars. (2)(B) and (b), and substituted definition of controlled group for definition of affiliated group in par. (7).

1962—Subsec. (d)(5). Pub. L. 87-834, §13(c)(2)(A), substituted “section 167(h)” for “section 167(g)”.

Subsec. (d)(8). Pub. L. 87-834, §13(c)(2)(B), substituted “section 167(g)” for “section 167(f)”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2018 AMENDMENT

Pub. L. 115-141, div. U, title IV, §401(b)(15)(C), Mar. 23, 2018, 132 Stat. 1202, provided that: “The amendments made by this paragraph [amending this section] shall not apply to property placed in service before the date of the enactment of this Act [Mar. 23, 2018].”

EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by section 11002(d)(1)(R) of Pub. L. 115-97 applicable to taxable years beginning after Dec. 31, 2017, see section 11002(e) of Pub. L. 115-97, set out as a note under section 1 of this title.

Pub. L. 115-97, title I, §13101(d), Dec. 22, 2017, 131 Stat. 2102, provided that: “The amendments made by this section [amending this section] shall apply to property placed in service in taxable years beginning after December 31, 2017.”

EFFECTIVE DATE OF 2015 AMENDMENT

Pub. L. 114-113, div. Q, title I, §124(g), Dec. 18, 2015, 129 Stat. 3053, provided that:

“(1) EXTENSION.—Except as provided in paragraph (2), the amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2014.

“(2) MODIFICATIONS.—The amendments made by subsections (c)(2) and (e) [amending this section] shall apply to taxable years beginning after December 31, 2015.”

EFFECTIVE DATE OF 2014 AMENDMENT

Pub. L. 113-295, div. A, title I, §127(e), Dec. 19, 2014, 128 Stat. 4018, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2013.”

EFFECTIVE DATE OF 2013 AMENDMENT

Pub. L. 112-240, title III, §315(e), Jan. 2, 2013, 126 Stat. 2331, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2011.”

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-312, title IV, §402(f), Dec. 17, 2010, 124 Stat. 3307, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2011.”

Amendment by section 737(b)(3) of Pub. L. 111-312 applicable to property placed in service after Dec. 31, 2009, see section 737(c) of Pub. L. 111-312, set out as a note under section 168 of this title.

Pub. L. 111-240, title II, §2021(e), Sept. 27, 2010, 124 Stat. 2558, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section] shall apply to property placed in service after December 31, 2009, in taxable years beginning after such date.

“(2) EXTENSIONS.—The amendments made by subsections (c) and (d) shall apply to taxable years beginning after December 31, 2010.”

Pub. L. 111-147, title II, §201(b), Mar. 18, 2010, 124 Stat. 77, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2009.”

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-5, div. B, title I, §1202(b), Feb. 17, 2009, 123 Stat. 335, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2008.”

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. C, title VII, §711(b), Oct. 3, 2008, 122 Stat. 3929, provided that: “The amendment made by this section [amending this section] shall apply to property placed in service after December 31, 2007, with respect [to] disasters declared after such date.”

Pub. L. 110-185, title I, §102(b), Feb. 13, 2008, 122 Stat. 618, provided that: “The amendment made by this section [amending this section] shall apply to taxable years beginning after December 31, 2007.”

EFFECTIVE DATE OF 2007 AMENDMENT

Pub. L. 110-28, title VIII, §8212(d), May 25, 2007, 121 Stat. 193, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2006.”

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title VIII, §910(b), Oct. 22, 2004, 118 Stat. 1660, provided that: “The amendment made by this section [amending this section] shall apply to property placed in service after the date of the enactment of this Act [Oct. 22, 2004].”

EFFECTIVE DATE OF 2003 AMENDMENT

Pub. L. 108-27, title II, §202(f), May 28, 2003, 117 Stat. 758, provided that: “The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2002.”

EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-188, title I, §1111(b), Aug. 20, 1996, 110 Stat. 1758, provided that: “The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 1996.”

Amendment by section 1702(h)(10), (19) of Pub. L. 104-188 effective, except as otherwise expressly provided, as if included in the provision of the Revenue Reconciliation Act of 1990, Pub. L. 101-508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104-188, set out as a note under section 38 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title XIII, §13116(b), Aug. 10, 1993, 107 Stat. 432, provided that: “The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 1992.”

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 applicable to property placed in service after Dec. 31, 1990, but not applicable to any transition property (as defined in section 49(e) of this title), any property with respect to which qualified progress expenditures were previously taken into account under section 46(d) of this title, and any property described in section 46(b)(2)(C) of this title, as such sections were in effect on Nov. 4, 1990, see section 11813(c) of Pub. L. 101-508, set out as a note under section 45K of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 201(d)(3) of Pub. L. 99-514 applicable to property placed in service after Dec. 31, 1986, in taxable years ending after such date, with exceptions, see sections 203 and 204 of Pub. L. 99-514, set out as a note under section 168 of this title.

Amendment by section 201(d)(3) of Pub. L. 99-514 not applicable to any property placed in service before Jan. 1, 1994, if such property placed in service as part of

specified rehabilitations, and not applicable to certain additional rehabilitations, see section 251(d)(2), (3) of Pub. L. 99-514, set out as a note under section 46 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years ending after Dec. 31, 1983, see section 18(a) of Pub. L. 98-369, set out as a note under section 48 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97-34, to which such amendment relates, see section 109 of Pub. L. 97-448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-354 applicable to taxable years beginning after Dec. 31, 1982, see section 6(a) of Pub. L. 97-354, set out as an Effective Date note under section 1361 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-34 applicable to property placed in service after Dec. 31, 1980, in taxable years ending after that date, see section 209(a) of Pub. L. 97-34, set out as an Effective Date note under section 168 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 213(a) of Pub. L. 94-455 applicable in the case of partnership taxable years beginning after Dec. 31, 1975, see section 213(f) of Pub. L. 94-455, set out as an Effective Date note under section 709 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 applicable with respect to taxable years ending on or after Dec. 31, 1970, see section 401(h)(3) of Pub. L. 91-172, set out as a note under section 1561 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable to taxable years beginning after Dec. 31, 1961, and ending after Oct. 16, 1962, see section 13(g) of Pub. L. 87-834, set out as an Effective Date note under section 1245 of this title.

EFFECTIVE DATE

Pub. L. 85-866, title II, §204(c), Sept. 2, 1958, 72 Stat. 1680, provided that: “The amendments made by this section [enacting this section] shall apply with respect to taxable years ending after June 30, 1958.”

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 115-141 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Mar. 23, 2018, for purposes of determining liability for tax for periods ending after Mar. 23, 2018, see section 401(e) of Pub. L. 115-141, set out as a note under section 23 of this title.

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

[§ 179A. Repealed. Pub. L. 113-295, div. A, title II, § 221(a)(34)(A), Dec. 19, 2014, 128 Stat. 4042]

Section, added Pub. L. 102-486, title XIX, §1913(a)(1), Oct. 24, 1992, 106 Stat. 3016; amended Pub. L. 104-188,