



# TaxNewsFlash

## United States

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### **Rev. Proc. 2017-33: Guidance for section 179 property, depreciation deduction, Indian reservation depreciation**

The IRS today released an advance version of Rev. Proc. 2017-33 providing guidance under the Protecting Americans for Tax Hikes Act of 2015 (PATH Act) regarding amendments to expensing section 179 property, the additional first year depreciation deduction under section 168(k), and the qualified Indian reservation property depreciation provision under section 168(j).

Read [Rev. Proc. 2017-33](#) [PDF 78 KB]

This revenue procedure does not reflect any proposed technical corrections to the PATH Act, and does not provide guidance relating to the extension and modification of the election under section 168(k)(4) to increase the alternative minimum tax (AMT) credit limitation in lieu of the additional first year depreciation deduction. Treasury and the IRS anticipate issuing guidance regarding the extension and modification of the election under section 168(k)(4) in a separate revenue procedure.

#### **Overview**

Sections 124(c)(2), (d), and (e) of the PATH Act amended section 179 of the Internal Revenue Code by:

- Making permanent the treatment of qualified real property as section 179 property under section 179(f)
- Making permanent the permission granted under section 179(c)(2) to revoke without the consent of the Commissioner of Internal Revenue any election made under section 179 and any specification contained in that election
- Allowing certain air conditioning or heating units to be eligible as section 179 property under section 179(d)(1)

Section 143(b) of the PATH Act amended Code section 168(k) by:

- Extending the placed-in-service date for property to qualify for the additional first year depreciation deduction
- Modifying the definition of qualified property under section 168(k)(2)
- Extending and modifying the election under section 168(k)(4) to increase the alternative minimum tax (AMT) credit limitation in lieu of the additional first year depreciation deduction
- Adding section 168(k)(5), which allows a taxpayer to elect to deduct the additional first year depreciation for certain plants bearing fruits and nuts before such plants are placed in service
- Adding section 168(k)(6), which provides a phase down of the additional first year depreciation deduction percentage for future tax years
- Adding section 168(k)(7), which allows a taxpayer to elect not to deduct additional first year depreciation for any class of property

Section 167(b) of the PATH Act amended Code section 168(j) by adding new section 168(j)(8), which allows a taxpayer to elect not to apply section 168(j) for any class of property.

Today's revenue procedure provides guidance with respect to implementation of certain of these legislative changes.

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