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Rev. Proc. 2020-37: Automobile depreciation deduction limits for 2020

The IRS today released an advance version of Rev. Proc. 2020-37 that provides the annual depreciation deduction limitations under section 280F for automobiles placed in service in 2020. These limitations are required to be adjusted for inflation for automobiles placed in service after 2018.

[Rev. Proc. 2020-37](#) [PDF 46 KB] provides:

- The annual depreciation limitations for passenger automobiles (including trucks and vans) first placed in service in calendar year 2020
- The lease inclusion amounts for automobiles first leased in 2020 (as well as amounts for trucks and vans first leased in 2020)

The tables listed in Rev. Proc. 2020-37 provide the depreciation limits for automobiles placed in service during 2020:

- Table 1 provides the depreciation limits for automobiles acquired after September 27, 2017, and placed in service during 2020—thus reflecting the section 168(k) additional first year depreciation deduction (“bonus depreciation”).
- Table 2 provides the depreciation limits for automobiles placed in service during 2020 for which no bonus depreciation deduction applies—including when the taxpayer (1) does not use the automobile during 2020 more than 50% for business purposes, or (2) elected out of the additional first year depreciation deduction, or (3) acquired a used automobile that fails to satisfy the statutory rules, or (4) acquired the automobile before September 28, 2017, and placed it in service after 2019.
- Table 3 applies to lessees of passenger automobiles, and shows income inclusion amounts for “a range of fair market values” for each tax year after the automobile is first leased.

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