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Rev. Proc. 2021-31: Automobile depreciation deduction limits for 2021

The IRS today released an advance version of Rev. Proc. 2021-31 that provides the annual depreciation deduction limitations under section 280F for automobiles placed in service in 2021. The section 280F limitations are required to be adjusted for inflation for automobiles placed in service after 2018.

[**Rev. Proc. 2021-31**](#) [PDF 122 KB] provides:

- The annual depreciation limitations for passenger automobiles (including trucks and vans) first placed in service in calendar year 2021
- The income inclusion amounts for passenger automobiles (including trucks and vans) first leased in 2021

The tables listed in Rev. Proc. 2021-31 provide the depreciation limits for automobiles placed in service during 2021:

- Table 1 provides the depreciation limits for automobiles acquired after September 27, 2017, and placed in service during 2021—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 2021 for which no bonus depreciation deduction applies—including when the taxpayer (1) does not use the automobile during 2021 more than 50% for business purposes, or (2) elected out of the bonus 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 provides the dollar amount used by lessees of passenger automobiles with a lease term beginning in 2021 to determine the income inclusion amount for those passenger automobiles, and provides dollar amounts for “a range of fair market values.”

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