

Bonus Depreciation and Section 179 Expensing Under the New Tax Law

	Bonus Depreciation	Section 179
Effective Date	After September 27, 2017	After December 31, 2017
Expiration Date	December 31, 2027 with 20% phase out Beginning in 2023	Indefinite – indexed for inflation each year
Eligible Property	New or Used property	New or Used property
Real Property	Qualified Improvement Property (1), (3)	Certain Structural Improvements (2) Qualified Improvement Property (3)
Deduction	100% of eligible property	\$1,000,000 overall limit
Phase-out of Deduction	None	When purchases exceed \$2,500,000
Taxable Income Limitation	None – Net taxable loss can be created	Limited to taxable income of the taxpayer
Election on Tax Return	Automatic – unless elect out by asset class	Must elect for each qualified asset
Limitation by Entity	No Limitation	Allowed on a qualified trade or business (Generally Real Estate Entities do not apply)
Limitation by Taxpayer	No Limitation	Certain Trusts and passive owners are ineligible for the deduction

(1) Legislative committee reports indicate QIP will be 15 year property eligible for bonus. Actual law enacted does not reflect legislative intent. Correction to law is expected.

(2) Includes: HVAC, Roofs, Fire Protection, Alarm and Security Systems, and interior portion of the building.

(3) Interior portions of building.