



Certified Public Accountants
& Business Advisors

*A Firm That Cares About Its Clients
Large Enough To Know, Small Enough To Care*

Modifications to Depreciation Limitations on Luxury Automobiles and Personal Use Property

TCJA increases the depreciation limitations that apply to listed property, such as luxury automobiles. For passenger automobiles that qualify as luxury automobiles (i.e., gross unloaded weight of 6,000 lbs or more) placed in service after December 31, 2017, and for which the additional first-year depreciation deduction is not claimed, the maximum amount of allowable depreciation is \$10,000 for the year in which the vehicle is placed in service, \$16,000 for the second year, \$9,600 for the third year, and \$5,760 for the fourth and later years in the recovery period. The limitations are indexed for inflation for luxury passenger automobiles placed in service after 2018.

In addition, TCJA removes computer or peripheral equipment from the definition of listed property. Such property is therefore not subject to the heightened substantiation requirements that apply to listed property.