called luxury car rules. But that's not the most upsetting part to many taxpayers. It's the notion that the "luxury car" limits apply to vehicles costing well under $20,000. This is hardly what the average person considers to be a luxury car.

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[This is part of a series of articles on maximizing deductions

he or can write off various expenses like a portion of oil and gas, repairs and insurance. In addition, you're entitle to claim a depreciation allowance, based on the percentage of business use. Normally, the cost of the car may be depreciated over a six-year period for "five-year property." But the luxury car rules limit the maximum depreciation deductions allowed for this purpose.

These limits are adjusted on an annual basis by the IRS (although they haven't varied much recently except for a boost by "bonus depreciation" in applicable years). The updated limits for vehicles placed in service in 2014 are as follows:

Type of Vehicle	2014	2015	2016	2017 and thereafter
Passenger cars	$3,160	$5,100	$3,050	$1,875
Light trucks and vans	$3,460	$5,500	$3,350	$1,975

Therefore, if you acquire a car used for business driving in 2014 and use it 75% for business, your first-year deduction is limited to $2,370 (75% of $3,160) and so on. Under these rules, it's rare for a business taxpayer to ever fully depreciate a vehicle before moving on to a newer model, especially if he or she truly drives a luxury car. .

Comparable rules apply to leased vehicles through "inclusion tables." In short, there's no IRS-approved way to steer around the limits.

There is, however, one gaping tax loophole. A vehicle with a gross vehicle weight rating (GVWR) over 6,000 pounds is exempt from the luxury car rules. This applies to more vehicles than you think, such as some of the heavy-duty Sports Utility Vehicles (SUVs) on the market. If it meets the GVWR test, you can claim a first-year write-off of up to $25,000 for a vehicle placed in service in 2014. Not a bad tax deal

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