## **CPA**

## Practice **Advisor**

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Although you may be doing less business driving this year due to the pandemic, you're still eligible for generous tax breaks, including certain depreciation-related write-offs.

Take it to the max. If you place a vehicle in service, you can claim an annual Section 179 deduction, subject to limits for "luxury cars." Under the Tax Cuts and Jobs Act (TCJA), the limit for the first year of business use has been increased to \$10,000, indexed for inflation. The IRS recently announced this figure remains at \$10,100 for 2020 (Rev. Proc. 2020-37, 7/8/20). Plus, the TCJA authorizes a first-year "bonus depreciation" deduction of \$8,000. So, a business owner can write off a maximum of \$18,100 (adjusted for business use) for a vehicle placed in service in 2020.

**Go heavy duty.** Normally, the maximum Section 179 deduction for sports utility vehicles (SUVs) used for business driving is limited to \$25,000 for the year the vehicle

is placed in service. That's a pretty good deal for taxpayers, but you might do even

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"inclusion amount" based on IRS tables. Fortunately, the tax hit is relatively light. For example, for a car placed in service in 2020 costing \$60,000, the inclusion amount is only \$22 (Rev. Proc. 2020-37, 7/8/20).

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