

(k) Special allowance for certain property.

(1) Additional allowance.

In the case of any qualified property-

(A) the depreciation deduction provided by [section 167\(a\)](#) for the taxable year in which such property is placed in service shall include an allowance equal to the applicable percentage of the adjusted basis of the qualified property, and

(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

(2) Qualified property.

For purposes of [this subsection](#) -

(A) In general. The term "qualified property" means property-

(i)

(I) to which [this section](#) applies which has a recovery period of 20 years or less,

(II) which is computer software (as defined in [section 167\(f\)\(1\)\(B\)](#) ) for which a deduction is allowable under [section 167\(a\)](#) without regard to [this subsection](#) ,

(III) which is water utility property, or

(IV) which is a qualified film or television production (as defined in [subsection \(d\) of section 181](#) ) for which a deduction would have been allowable under [section 181](#) without regard to [subsections \(a\)\(2\) and \(g\) of such section](#) or this subsection, or

(V) which is a qualified live theatrical production (as defined in [subsection \(e\) of section 181](#) ) for which a deduction would have been allowable under [section 181](#) without regard to [subsections \(a\)\(2\) and \(g\) of such section](#) or this subsection,

(ii) the original use of which begins with the taxpayer or the acquisition of which by the taxpayer meets the requirements of [clause \(ii\) of subparagraph \(E\)](#) , and

(iii) which is placed in service by the taxpayer before January 1, 2027.

(B) Certain property having longer production periods treated as qualified property.

(i) In general. The term "qualified property" includes any property if such property-

(I) meets the requirements of [clauses \(i\) and \(ii\) of subparagraph \(A\)](#) ,

(II) is placed in service by the taxpayer before January 1, 2028,

(III) is acquired by the taxpayer (or acquired pursuant to a written contract entered into) before January 1, 2027,

(IV) has a recovery period of at least 10 years or is transportation property,

(V) is subject to [section 263A](#) , and

(VI) meets the requirements of [clause \(iii\) of section 263A\(f\)\(1\)\(B\)](#) (determined as if [such clause](#) also applies to property which has a long useful life (within the meaning of [section 263A\(f\)](#) )).

(ii) Only pre-January 1, 2027 basis eligible for additional allowance. In the case of property which is qualified property solely by reason of [clause \(i\)](#) , [paragraph \(1\)](#) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before January 1, 2027.

(iii) Transportation property. For purposes of [this subparagraph](#) , the term "transportation property" means tangible personal property used in the trade or business of transporting persons or property.

(iv) Application of subparagraph. [This subparagraph](#) shall not apply to any property which is described in

subparagraph (C) .

(C) Certain aircraft. The term "qualified property" includes property-

- (i) which meets the requirements of [subparagraph \(A\)\(ii\)](#) and [subclauses \(II\) and \(III\) of subparagraph \(B\)\(i\)](#) ,
- (ii) which is an aircraft which is not a transportation property (as defined in [subparagraph \(B\)\(iii\)](#) ) other than for agricultural or firefighting purposes,
- (iii) which is purchased and on which such purchaser, at the time of the contract for purchase, has made a nonrefundable deposit of the lesser of-
  - (I) 10 percent of the cost, or
  - (II) \$100,000, and
- (iv) which has-
  - (I) an estimated production period exceeding 4 months, and
  - (II) a cost exceeding \$200,000.

(D) Exception for alternative depreciation property. The term "qualified property" shall not include any property to which the alternative depreciation system under [subsection \(g\)](#) applies, determined-

- (i) without regard to [paragraph \(7\) of subsection \(g\)](#) (relating to election to have system apply), and
- (ii) after application of [section 280F\(b\)](#) (relating to listed property with limited business use).

(E) Special rules.

- (i) Self-constructed property. In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of [subclause \(III\) of subparagraph \(B\)\(i\)](#) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property before January 1, 2027.
- (ii) Acquisition requirements. An acquisition of property meets the requirements of this clause if-
  - (I) such property was not used by the taxpayer at any time prior to such acquisition, and
  - (II) the acquisition of such property meets the requirements of paragraphs (2)(A), (2)(B), (2)(C), and (3) of section 179(d).
- (iii) Syndication. For purposes of [subparagraph \(A\)\(ii\)](#) , if-
  - (I) property is used by a lessor of such property and such use is the lessor's first use of such property,
  - (II) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in service does not exceed 12 months), and
  - (III) the user of such property after the last sale during such 3-month period remains the same as when such property was originally placed in service,such property shall be treated as originally placed in service not earlier than the date of such last sale.

(F) Coordination with [section 280F](#) . For purposes of [section 280F](#) -

- (i) Automobiles. In the case of a passenger automobile (as defined in [section 280F\(d\)\(5\)](#) ) which is qualified property, the Secretary shall increase the limitation under [section 280F\(a\)\(1\)\(A\)\(i\)](#) by \$8,000.
- (ii) Listed property. The deduction allowable under [paragraph \(1\)](#) shall be taken into account in computing any recapture amount under [section 280F\(b\)\(2\)](#) .
- (iii) Phase down. In the case of a passenger automobile acquired by the taxpayer before September 28, 2017, and placed in service by the taxpayer after September 27, 2017, [clause \(i\)](#) shall be applied by substituting for "\$8,000"-

(I) in the case of an automobile placed in service during 2018, \$6,400, and

(II) in the case of an automobile placed in service during 2019, \$4,800.

(G) Deduction allowed in computing minimum tax. For purposes of determining alternative minimum taxable income under [section 55](#) , the deduction under [section 167](#) for qualified property shall be determined without regard to any adjustment under [section 56](#) .

(H) Production placed in service. For purposes of [subparagraph \(A\)](#) -

(i) a qualified film or television production shall be considered to be placed in service at the time of initial release or broadcast, and

(ii) a qualified live theatrical production shall be considered to be placed in service at the time of the initial live staged performance.

(3) Repealed

(4) Repealed

...

(6) Applicable percentage.

For purposes of this subsection-

(A) In general. Except as otherwise provided in this paragraph, the term 'applicable percentage' means-

(i) in the case of property placed in service after September 27, 2017, and before January 1, 2023, 100 percent,

(ii) in the case of property placed in service after December 31, 2022, and before January 1, 2024, 80 percent,

(iii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 60 percent,

(iv) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 40 percent, and

(v) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 20 percent.

(B) Rule for property with longer 20 production periods. In the case of property described in [subparagraph \(B\)](#) or [\(C\) of paragraph \(2\)](#) , the term 'applicable percentage' means-

(i) in the case of property placed in service after September 27, 2017, and before January 1, 2024, 100 percent,

(ii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 80 percent,

(iii) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 60 percent,

(iv) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 40 percent, and

(v) in the case of property placed in service after December 31, 2026, and before January 1, 2028, 20 percent.

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