



# TaxNewsFlash

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## Final regulations: Additional first year depreciation deduction under section 168(k) (text of regulations)

The IRS today posted on its website a version of final regulations (T.D. 9916) regarding the additional first year depreciation deduction under section 168(k).

These [final regulations](#) [PDF 612 KB] (137 pages) reflect and further clarify the increased deduction and the expansion of qualified property, particularly to certain classes of used property, authorized by the 2017 U.S. tax law (Pub. L. No. 115-97) or the law that is commonly referred to as the “Tax Cuts and Jobs Act” (TCJA).

Today’s release finalizes regulations that were proposed in September 2019, and generally affect taxpayers who depreciate qualified property acquired and placed in service after September 27, 2017. With this release, a portion of the proposed regulations (September 2019) are withdrawn.

The version of the final regulations released by the IRS today includes this statement:

*This document will be submitted to the Office of the Federal Register (OFR) for publication and will be pending placement on public display at the OFR and publication in the Federal Register. The version of the final regulations released today may vary slightly from the published document if minor editorial changes are made during the OFR review process. The document published in the Federal Register will be the official document.*

A related IRS release—[IR-2020-216](#)—explains that this last set of final regulations implements the 100% additional first year depreciation deduction that allows businesses to write off the cost of most depreciable business assets in the year they are placed in service by the business and generally applies to depreciable business assets (such as machinery, equipment, computers, appliances, and furniture) with a recovery period of 20 years or less and certain other property. The deduction applies to qualifying property (including used property) acquired and placed in service after September 27, 2017. These final regulations provide clarifying guidance on the requirements that must be met for property to qualify for the deduction, including used property. Additionally, the final regulations provide rules for consolidated groups and rules for components acquired or self-constructed after September 27, 2017, for larger self-constructed property on which production began before September 28, 2017.

The IRS release further states that Treasury and the IRS plan to issue procedural guidance for taxpayers to opt to apply the final regulations in prior tax years or to rely on the proposed regulations issued in September 2019.

The purpose of this report is to provide text of the final regulations. A more detailed description of these regulations will be provided in a future report from KPMG LLP.

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