Depreciation Limits for Cars and Trucks 2010

Depreciation on cars and light trucks and vans is limited. There are two different limits--one for cars and one for trucks. In addition, for 2010 all *new* assets qualify for the 50% additional depreciation. (Special tables, not reproduced here, apply to pure electric vehicles.)

Depreciation Limits for Passenger Automobiles

Tax Year	Standard	50% Additional
First	$3,060	$11,060
Second	4,900	4,900
Third	2,950	2,950
Subsequent	1,775	1,775

Depreciation Limits for Trucks and Vans

Tax Year	Standard	50% Additional
First	$3,160	$11,160
Second	5,100	5,100
Third	3,050	3,050
Subsequent	1,875	1,875

Example: You purchased a new car in June 2010 for $41,000. No matter how expensive the vehicle, your maximum depreciation in the first year (2010) is $11,060. You would take $4,900 of depreciation in 2011; $2,950 in 2012; and $1,775 in 2013 and subsequent years until the car is fully depreciated. Thus, a $41,000 car would take about 15 years to fully depreciate. Note. There are other rules that can further limit your depreciation. The first-year limit also applies to any Sec. 179 expense option.

Note 1: The limitation on trucks and vans in the table above refers to passenger autos that are built on a truck chassis, including minivans and sport utility vehicles (SUVs) that are built on a truck chassis. Trucks and vans that are over the 6,000 pound loaded gross vehicle weight and qualified nonpersonal use vehicles are not subject to any depreciation limits. In order to qualify, the vehicle must be a qualified nonpersonal use vehicle. For trucks and vans, a qualified nonpersonal use vehicle is one that has been specially modified, such as by installation of permanent shelving and painting the vehicle to display advertising or the company's name, so that they are not likely to be used more than a de minimis amount for personal purposes. These specially manufactured or modified vehicles do not provide significant elements of personal benefit, and a taxpayer is unlikely to purchase these vehicles unless motivated by a valid business purpose that could not be met with a less-expensive vehicle. To be sure if you vehicle qualifies, check with your tax advisor.

Note 2: The Sec. 179 deduction for SUVs that meet the 6,000 pound loaded gross vehicle weight requirement purchased after October 22, 2004 is limited to $25,000. The SUV limit applies to any 4-wheeled vehicle primarily designed or used to carry passengers over public streets, roads, or highways, that is rated at more than 6,000 pounds gross vehicle weight and not more than 14,000 pounds GVW. However, the $25,000 limit does not apply to any vehicle:

- Designed to seat more than nine passengers behind the driver's seat.
- Equipped with a cargo area (either open or enclosed by a cap) of at least six feet in interior length that is not readily accessible from the passenger compartment, or
- That has an integral enclosure fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.