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2025



# Instructions for Form 4562

## Depreciation and Amortization (Including Information on Listed Property)

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 4562 and its instructions, such as legislation enacted after this form and instructions were published, go to [IRS.gov/Form4562](https://www.irs.gov/Form4562).

### What's New

**Changes to Form 4562.** New lines 19h and 20e have been added to report MACRS depreciation during the 2025 tax year for 50-year property. Line 19h is used to report depreciation using the General Depreciation System (GDS) and line 20e is used to report depreciation using the Alternative Depreciation System (ADS).

Line 23 of Form 4562 has been divided into lines 23a and 23b to report information on the amount of the basis attributable to interest costs capitalized under section 263A(f) for costs that have been capitalized under section 263A and the basis attributable to costs capitalized under section 263A other than interest costs capitalized under section 263A(f). See the instructions for [Lines 23a and 23b](#), later.

A new line 24c has been added to Part V of Form 4562. If you own, lease, or charter an aircraft for which you are claiming depreciation, you must check the box for all that apply. See the instructions for [Line 24c](#), later.

**Section 179 deduction dollar limits.** For tax years beginning in 2025, the maximum section 179 expense deduction is \$2,500,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds \$4,000,000. Also, the maximum section 179 expense deduction for sport utility vehicles (SUVs) placed in service in tax years beginning in 2025 is \$31,300.

**Phase down of the special depreciation allowance for certain qualified property acquired before January 20, 2025, and certain plants bearing fruits and nuts planted or grafted before January 20, 2025.** Certain qualified property (other than property with a long production period and certain aircraft) placed in service after December 31, 2024, and before January 1, 2026, is limited to a special allowance of 40% of the depreciable basis of the property. Certain property with a long production period and certain aircraft placed in service after December 31, 2024, and before January 1, 2026, is limited to a special depreciation allowance of 60% of the depreciable basis of the property. For certain plants bearing fruits and nuts planted or grafted after December 31, 2024, and before January 20, 2025, the special depreciation allowance is also limited to 40% of the adjusted basis of the specified plants. See [Certain qualified property acquired after September 27, 2017 and before January 20, 2025](#) and [Certain plants bearing fruits and nuts planted or grafted before January 20, 2025](#), later.

**Special depreciation allowance for certain qualified property acquired after January 19, 2025, and certain plants bearing fruits and nuts planted or grafted after January 19, 2025.** P.L. 119-21, commonly known as the One Big Beautiful Bill Act, reinstated the 100% special depreciation allowance for certain qualified property acquired and placed in service after January 19, 2025 (including long production period property and certain aircraft) and certain specified plants bearing fruits and nuts planted or grafted after January 19, 2025. However, you can elect to take a 40% special depreciation allowance (60% for long production period property and certain aircraft) for this property during first tax year ending after January 19, 2025, instead of taking the 100% special depreciation allowance. See [Certain qualified property acquired after January 19, 2025](#) and [Certain plants bearing fruits and nuts planted or grafted after January 19, 2025](#), later.

**Special depreciation allowance for qualified production property.** P.L. 119-21 added new section 168(n) which allows a special depreciation allowance for qualified production property. Qualified production property placed in service after July 4, 2025, the construction of which began or was acquired after January 19, 2025, is eligible for a 100% special depreciation allowance. See [Qualified production property](#), later.

**Solar or wind energy property no longer 5-year property.** Section 70509 of P.L. 119-21 removed solar or wind energy property from the definition of 5-year property under section 168(e)(3)(B)(vi). This applies to solar or wind energy property beginning construction after December 31, 2024.

**Domestic research and experimental expenditures.** P.L. 119-21 added new section 174A which reinstates the deduction of domestic research or experimental expenditures paid or incurred in tax years beginning in 2025, as a current year business expense. However, you can elect to capitalize and amortize these expenditures equally over 60 months or more or elect to amortize them over a 10-year period. You must capitalize and amortize research or experimental expenditures attributable to foreign research paid or incurred in tax years beginning in 2025, ratably over a 15-year period. See [Research and experimental expenditures \(section 174 and 174A\)](#), later.

## General Instructions

### Purpose of Form

Use Form 4562 to:

- Claim your deduction for depreciation and amortization,
- Make the election under section 179 to expense certain property, and
- Provide information on the business/investment use of automobiles and other listed property.

**Note:** Do not use Form 4562 to claim the deduction for energy efficient commercial buildings under section 179D.

Instead use Form 7205, Energy Efficient Commercial Buildings Deduction. See Form 7205 and the related instructions for more information.

## Who Must File

Except as otherwise noted, complete and file Form 4562 if you are claiming any of the following.

- Depreciation for property placed in service during the 2025 tax year.
- A section 179 expense deduction (which may include a carryover from a previous year).
- Depreciation on any vehicle or other listed property (regardless of when it was placed in service).
- A deduction for any vehicle reported on a form other than Schedule C (Form 1040), Profit or Loss From Business.
- Any depreciation on a corporate income tax return (other than Form 1120-S).
- Amortization of costs that begins during the 2025 tax year.

If you are an employee deducting job-related vehicle expenses using either the standard mileage rate or actual expenses, use Form 2106, Employee Business Expenses, for this purpose.

File a separate Form 4562 for each business or activity on your return for which Form 4562 is required. If you need more space, attach additional sheets. However, complete only one Part I in its entirety when computing your section 179 expense deduction. See the instructions for [line 12](#), later.

## Additional Information

For more information about depreciation and amortization (including information on listed property), see the following.

- Pub. 463, Travel, Gift, and Car Expenses.
- Pub. 534, Depreciating Property Placed in Service Before 1987.
- Pub. 551, Basis of Assets.
- Pub. 946, How To Depreciate Property.

## Definitions

### Depreciation

Depreciation is the annual deduction that allows you to recover the cost or other basis of your business or investment property over a certain number of years. Depreciation starts when you first use the property in your business or for the production of income. It ends when you either take the property out of service, deduct all your depreciable cost or basis, or no longer use the property in your business or for the production of income.

Generally, you can depreciate:

- Tangible property such as buildings, machinery, vehicles, furniture, and equipment; and
- Intangible property such as patents, copyrights, and computer software.

**Exception.** You cannot depreciate land.

### Accelerated Cost Recovery System

The Accelerated Cost Recovery System (ACRS) applies to property first used before 1987. It is the name given for the tax rules that allow a taxpayer to recover through depreciation deductions the cost of property used in a trade or business or to produce income. These rules are mandatory and generally apply to tangible property placed in service after 1980 and before 1987. If you placed property in service during this period, you must continue to figure your depreciation under ACRS.

ACRS consists of accelerated depreciation methods and an alternate ACRS method that could have been elected. The alternate ACRS method used a recovery percentage based on a modified straight line method. See the instructions for line 16 for more information. For a complete discussion of ACRS, see Pub. 534.

### Modified Accelerated Cost Recovery System

The Modified Accelerated Cost Recovery System (MACRS) is the current method of accelerated asset depreciation required by the tax code. Under MACRS, all assets are divided into classes which dictate the number of years over which an asset's cost will be recovered. Each MACRS class has a predetermined schedule which determines the percentage of the asset's cost which is depreciated each year. For more information, see [Part III. MACRS Depreciation](#), later. For a complete discussion of MACRS, see chapter 4 of Pub. 946.

### Section 179 Property

Section 179 property is property that you acquire by purchase for use in the active conduct of your trade or business, and is one of the following.

- Qualified section 179 real property. For more information, see [Special rules for qualified section 179 real property](#), later.
- Tangible personal property, including cellular telephones, similar telecommunications equipment, and air conditioning or heating units (for example, portable air conditioners or heaters). Also, tangible personal property may include certain property used mainly to furnish lodging or in connection with the furnishing of lodging (except as provided in section 50(b)(2)).
- Other tangible property (except buildings and their structural components) used as:
  1. An integral part of manufacturing, production, or extraction, or of furnishing transportation, communications, electricity, gas, water, or sewage disposal services;
  2. A research facility used in connection with any of the activities in (1) above; or
  3. A facility used in connection with any of the activities in (1) above for the bulk storage of fungible commodities.
- Single purpose agricultural (livestock) or horticultural structures.
- Storage facilities (except buildings and their structural components) used in connection with distributing petroleum or any primary product of petroleum.
- Off-the-shelf computer software.

Section 179 property does not include the following.

- Property held for investment (section 212 property).
- Property used mainly outside the United States (except for property described in section 168(g)(4)).
- Property used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in a taxable unrelated trade or business.
- Property used by a governmental unit or foreign person or entity (except for property used under a lease with a term of less than 6 months).

See the instructions for Part I and Pub. 946.

**Special rules for qualified section 179 real property.** You can elect to treat certain qualified real property placed in service during the tax year as section 179 property. See [Election for certain qualified section 179 real property](#) under [Part I](#), later, for information on how to make this election. If the

election is made, the term “section 179 property” will include any qualified real property which is:

- Qualified improvement property as described in section 168(e)(6), and
- Any of the following improvements to nonresidential real property placed in service after the date the nonresidential real property was first placed in service.
  1. Roofs.
  2. Heating, ventilation, and air-conditioning property.
  3. Fire protection and alarm systems.
  4. Security systems.

This property is considered “qualified section 179 real property.”

A deduction attributable to qualified section 179 real property which is disallowed under the trade or business income limitation (see *Business Income Limit* in chapter 2 of Pub. 946) for 2025 can be carried over to 2026. Thus, the amount of any 2025 disallowed section 179 expense deduction attributable to qualified section 179 real property will be reported on line 13 of Form 4562.

## Amortization

Amortization is similar to the straight line method of depreciation in that an annual deduction is allowed to recover certain costs over a fixed time period. You can amortize such items as the costs of starting a business, goodwill, and certain other intangibles. See the instructions for Part VI.

## Listed Property

Listed property generally includes the following.

- Passenger automobiles weighing 6,000 pounds or less. See [Limits for passenger automobiles](#), later.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, SUVs, aircraft, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).

**Exceptions.** Listed property does not include:

1. Photographic, phonographic, communication, or video equipment used exclusively in a taxpayer’s trade or business or at the taxpayer’s regular business establishment;
2. Any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment;
3. An ambulance, hearse, or vehicle used for transporting persons or property for compensation or hire; or
4. Any truck or van placed in service after July 6, 2003, that is a qualified nonpersonal use vehicle.

For purposes of the exceptions above, a portion of the taxpayer’s home is treated as a regular business establishment only if that portion meets the requirements for deducting expenses attributable to the business use of a home. However, for any property listed in (1) above, the regular business establishment of an employee is their employer’s regular business establishment.

## Commuting

Generally, commuting is defined as travel between your home and a work location. However, travel that meets any of the following conditions is not commuting.

- You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See Pub. 463 for details.
- The travel is to a temporary work location outside the metropolitan area where you live and normally work.
- Your home is your principal place of business for purposes of deducting expenses for business use of your home and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.

## Alternative Minimum Tax (AMT)

Depreciation may be an adjustment for the AMT. However, no adjustment applies in several instances. See Form 6251, *Alternative Minimum Tax—Individuals*; Schedule I (Form 1041), *Alternative Minimum Tax—Estates and Trusts*; and the related instructions.

## Recordkeeping

Except for Part V (relating to listed property), the IRS does not require you to submit detailed information with your return on the depreciation of assets placed in service in previous tax years. However, the information needed to compute your depreciation deduction (basis, method, etc.) must be part of your permanent records.

**Tip:** You may use the Depreciation Worksheet, later, to assist you in maintaining depreciation records. However, the worksheet is designed only for federal income tax purposes. You may need to keep additional records for accounting and state income tax purposes.

## Specific Instructions

### Part I. Election To Expense Certain Property Under Section 179

**Note:** An estate or trust cannot make this election.

You can elect to expense part or all of the cost of section 179 property (defined earlier) that you placed in service during the tax year and used predominantly (more than 50%) in your trade or business.

However, for taxpayers other than a corporation, this election does not apply to any section 179 property you purchased and leased to others unless:

- You manufactured or produced the property; or
- The term of the lease is less than 50% of the property’s class life and, for the first 12 months after the property is transferred to the lessee, the deductions related to the property allowed to you as trade or business expenses (except rents and reimbursed amounts) are more than 15% of the rental income from the property.

**Election.** You must make the election on Form 4562 filed with either:

- The original return you file for the tax year the property was placed in service (whether or not you file your return on time), or



Worksheet 1. **Worksheet for Lines 1, 2, and 3**

Keep for Your Records



<b>Maximum section 179 limitation calculation.</b>		
1.*	Enter total cost of section 179 property (including qualified section 179 real property) placed in service during the tax year beginning in 2025 . . . . .	
2.	The maximum section 179 deduction limitation for 2025 . . . . .	<b>\$2,500,000</b>
3.	Enter the smaller of line 1 or line 2 here . . . . .	
4.	Enter the amount from line 3 here and on Form 4562, line 1 . . . . .	
<b>Maximum threshold cost of section 179 property before reduction in limitation calculation.</b>		
5.	Enter the amount from line 1 here and on Form 4562, line 2 . . . . .	
6.	Base maximum threshold cost of section 179 property before reduction in limitation for 2025. Enter this amount on Form 4562, line 3 . . . . .	<b>\$4,000,000</b>
<b>Maximum elected cost for Form 4562, lines 6 and 7, column (c).</b>		
7.	Enter the smaller of line 1 or line 4. <b>The total amount you enter on Form 4562, lines 6 and 7, column (c), cannot exceed this amount</b> . . . . .	
<small>* For line 1 of this worksheet, include the total amount of eligible section 179 property (including qualified section 179 real property), not just the amount for which you are making the election. See the instructions for <a href="#">line 2</a>.</small>		

• An amended return filed within the time prescribed by law for the applicable tax year. The election made on an amended return must specify the item of section 179 property to which the election applies and the part of the cost of each such item to be taken into account. The amended return must also include any resulting adjustments to taxable income.

**Election for certain qualified section 179 real property.** You can elect to expense certain qualified real property that you first placed in service as section 179 property for tax years beginning in 2025. For more information, see [Election](#), earlier.

**Revocation.** The election (or any specification made in the election) can be revoked without obtaining IRS approval by filing an amended return. The amended return must be filed within the time prescribed by law for the applicable tax year. The amended return must include any resulting adjustments to taxable income or to the tax liability (for example, allowable depreciation in that tax year for the item of section 179 property to which the revocation pertains). For more information and examples, see Regulations sections 1.179-5(c)(3) and (c)(4). Once made, the revocation is irrevocable.

**Caution:** If you elect to expense section 179 property, you must reduce the amount on which you figure your depreciation or amortization deduction (including any special depreciation allowance) by the section 179 expense deduction.

**Line 1**

Generally, the maximum section 179 expense deduction is \$2,500,000 for section 179 property (including qualified section 179 real property) placed in service during the tax year beginning in 2025.

**Tip:** You can use Worksheet 1 to assist you in determining the amount to enter on line 1.

**Recapture rule.** If the section 179 property is not used predominantly (more than 50%) in your trade or business at any time before the end of the property's recovery period, the

benefit of the section 179 expense deduction must be reported as "other income" on your return.

If any qualified section 179 disaster assistance property ceases to be used in the applicable federally declared disaster area in any year after you claim the increased section 179 expense deduction for that property, the benefit of the increased section 179 expense deduction must be reported as "other income" on your return. Similar rules apply if qualified Liberty Zone property ceases to be used in the Liberty Zone, if qualified section 179 GO Zone property ceases to be used in the GO Zone, if qualified section 179 Recovery Assistance property ceases to be used in the Recovery Assistance area, if qualified empowerment zone property ceases to be used in an empowerment zone by an enterprise zone business, or if qualified renewal property ceases to be used in a renewal community by a renewal community business in any year after you claim the increased section 179 expense deduction.

**Line 2**

Enter the total cost of all section 179 property you placed in service during the tax year (including the total cost of qualified real property that you elect to treat as section 179 property). Also, include the cost of the following.

- Any listed property from Part V.
- Any property placed in service by your spouse, even if you are filing a separate return. This includes qualified section 179 real property that your spouse made the election to treat as section 179 property for 2025.

**Line 3**

The amount of section 179 property for which you can make the election is limited to the maximum dollar amount on line 1. This amount is reduced if the cost of all section 179 property placed in service in 2025 is more than \$4,000,000.

For a partnership, these limitations apply to the partnership and each partner. For an S corporation, these limitations apply to the S corporation and each shareholder. For a controlled group, all component members are treated as one taxpayer.

**Line 5**

If line 5 is zero, you cannot elect to expense any section 179 property. In this case, skip lines 6 through 11, enter zero on line 12, and enter the carryover of any disallowed deduction from 2024 (which does not include amounts attributable to qualified section 179 real property) on line 13.

See [Special rules for qualified section 179 real property](#), earlier.

If you are married filing separately, you and your spouse must allocate the dollar limitation for the tax year. To do so, multiply the total limitation that you would otherwise enter on line 5 by 50% (0.50), unless you both elect a different allocation. If you both elect a different allocation, multiply the total limitation by the percentage elected. The sum of the percentages you and your spouse elect must equal 100%.

Do not enter on line 5 more than your share of the total dollar limitation.

**Line 6**

Do not include any listed property on line 6. Enter the elected section 179 cost of listed property in column (i) of line 26.

**Column (a)—Description of property.** Enter a brief description of the property you elect to expense (for example, truck, office furniture, qualified improvement property, roof, etc.).

**Column (b)—Cost (business use only).** Enter the cost of the property. If you acquired the property through a trade-in, do not include any carryover basis of the property traded in. Include only the excess of the cost of the property over the value of the property traded in.

**Column (c)—Elected cost.** Enter the amount you elect to expense. You can depreciate the amount you do not expense. See the line 19 and line 20 instructions.

To report your share of a section 179 expense deduction from a partnership or an S corporation, enter “from Schedule K-1 (Form 1065)” or “from Schedule K-1 (Form 1120-S)” across columns (a) and (b).

**Line 7**

Enter the amount that you elected to expense for listed property (defined earlier) on line 29 here. For more information, see [Part V—Listed Property](#), later.

**Line 10**

The carryover of disallowed deduction from 2024 is the amount of section 179 property, if any, you elected to expense in previous years that was not allowed as a deduction because of the business income limitation. If you filed Form 4562 for 2024, enter the amount from line 13 of your 2024 Form 4562.

**Line 11**

The total cost you can deduct is limited to your taxable income from the active conduct of a trade or business during the year. You are considered to actively conduct a trade or business only if you meaningfully participate in its management or operations. A mere passive investor is not considered to actively conduct a trade or business.

**Note:** If you have to apply another Code section that has a limitation based on taxable income, see Pub. 946 for rules on how to apply the business income limitation for the section 179 expense deduction.

**Individuals.** Enter the smaller of line 5 or the total taxable income from any trade or business you actively conducted, computed without regard to any section 179 expense deduction, the deduction for one-half of self-employment taxes under section 164(f), or any net operating loss deduction. Also, include all wages, salaries, tips, and other compensation you earned as an employee (from Form 1040, line 1a). Do not reduce this amount by unreimbursed employee business expenses. If you are married filing a joint return, combine the total taxable incomes for you and your spouse.

**Partnerships.** Enter the smaller of line 5 or the partnership's total items of income and expense, described in section 702(a), from any trade or business the partnership actively conducted (other than credits, tax-exempt income, the section 179 expense deduction, and guaranteed payments under section 707(c)).

**S corporations.** Enter the smaller of line 5 or the corporation's total items of income and expense described in section 1366(a) from any trade or business the corporation actively conducted (other than credits, tax-exempt income, the section 179 expense deduction, and the deduction for compensation paid to the corporation's shareholder-employees).

**Corporations other than S corporations.** Enter the smaller of line 5 or the corporation's taxable income before the section 179 expense deduction, net operating loss deduction, and special deductions (excluding items not derived from a trade or business actively conducted by the corporation).

**Line 12**

The limitations on lines 5 and 11 apply to the taxpayer, and not to each separate business or activity. Therefore, if you have more than one business or activity, you may allocate your allowable section 179 expense deduction among them.

To do so, enter “Summary” at the top of Part I of the separate Form 4562 you are completing for the total amounts from all businesses or activities. Do not complete the rest of that form. On line 12 of the Form 4562 you prepare for each separate business or activity, enter the amount allocated to the business or activity from the “Summary.” No other entry is required in Part I of the separate Form 4562 prepared for each business or activity.

## Part II. Special Depreciation Allowance and Other Depreciation

**Line 14**

For qualified property (defined later) placed in service during the tax year, you may be able to take an additional special depreciation allowance. The special depreciation allowance applies only for the first year the property is placed in service. The allowance is an additional deduction you can take after any section 179 expense deduction and before you figure regular depreciation under MACRS.

**Qualified property.** You can take the special depreciation allowance for certain qualified property acquired after January 19, 2025; certain qualified property acquired after September 27, 2017, and before January 20, 2025; certain plants bearing fruits and nuts planted or grafted after January 19, 2025; certain plants bearing fruits and nuts planted or

grafted before January 20, 2025; qualified reuse and recycling property; and qualified production property.

**Certain qualified property acquired after January 19, 2025.** Certain qualified property (defined below) acquired after January 19, 2025, is eligible for a 100% special depreciation allowance. However, you can elect to take a 40% special depreciation allowance for certain qualified property (60% for property with a long production period and certain aircraft), instead of the 100% special depreciation allowance in the first tax year ending after January 19, 2025.

Qualified property is:

- Tangible property depreciated under MACRS with a recovery period of 20 years or less;
- Computer software defined in and depreciated under section 167(f)(1);
- Water utility property (see 25-year property, later); and
- Qualified film, television, live theatrical, and sound recording productions, as defined in sections 181(d), (e), and (f) commencing in tax years ending after July 4, 2025.

Qualified property can be either new property or certain used property.

See Pub. 946 for more information. Also, see section 168(k) as amended by section 70301 and 70434(g) of P.L. 119-21.

**Certain qualified property acquired after September 27, 2017 and acquired before January 20, 2025.** Certain qualified property (defined below) acquired after September 27, 2017, and before January 20, 2025 (other than property with a long production period and certain aircraft), is limited to a special depreciation allowance of 40% of the depreciable basis of the property. Property with a long production period and certain aircraft acquired after September 27, 2017, and before January 20, 2025, is eligible for a special depreciation allowance of 60% of the depreciable basis of the property.

Qualified property is:

- Tangible property depreciated under MACRS with a recovery period of 20 years or less;
- Computer software defined in and depreciated under section 167(f)(1);
- Water utility property (see 25-year property, later); and
- Qualified film, television, and live theatrical productions, as defined in sections 181(d) and (e) commencing in tax years ending after July 4, 2025.

Qualified property must also be acquired before January 20, 2025, and can be either new property or certain used property.

See Pub. 946 for more information. Also, see section 168(k), as in effect before the enactment of section 70301 and 70434(g) of P.L. 119-21, and Regulations sections 1.168(k)-2 and 1.1502-68.

**Certain plants bearing fruits and nuts planted or grafted after January 19, 2025.** You can elect to claim a 100% special depreciation allowance for the adjusted basis of certain specified plants (defined later) bearing fruits and nuts planted or grafted after January 19, 2025.

A specified plant is:

- Any tree or vine that bears fruits or nuts, and
- Any other plant that will have more than one yield of fruits or nuts and generally has a pre-productive period of more than 2 years from planting or grafting to the time it begins bearing fruits or nuts.

Any property planted or grafted outside the United States does not qualify as a specified plant.

If you elect to claim the special depreciation allowance for any specified plant, the special depreciation allowance only applies for the first tax year in which the plant is planted or grafted. The plant will not be treated as qualified property eligible for the special depreciation allowance in the subsequent tax year in which it is placed in service.

To make the election, attach a statement to your timely filed return (including extensions) for the tax year in which you plant or graft the specified plant(s) indicating you are electing to apply section 168(k)(5) and identifying the specified plant(s) for which you are making the election. Once made, the election cannot be revoked without IRS consent. See section 168(k)(5).

**Note:** For the first tax year ending after January 19, 2025, you can elect to take a 40% special depreciation allowance (instead of 100%) for certain specified plants planted or grafted after January 19, 2025.

**Certain plants bearing fruits and nuts planted or grafted before January 20, 2025.** You can elect to claim a 40% special depreciation allowance for the adjusted basis of certain specified plants (defined later) bearing fruits and nuts planted or grafted after December 31, 2024, and before January 20, 2025.

A specified plant is:

- Any tree or vine that bears fruits or nuts, and
- Any other plant that will have more than one yield of fruits or nuts and generally has a pre-productive period of more than 2 years from planting or grafting to the time it begins bearing fruits or nuts.

Any property planted or grafted outside the United States does not qualify as a specified plant.

If you elect to claim the special depreciation allowance for any specified plant, the special depreciation allowance applies only for the tax year in which the plant is planted or grafted. The plant will not be treated as qualified property eligible for the special depreciation allowance in the subsequent tax year in which it is placed in service.

To make the election, attach a statement to your timely filed return (including extensions) for the tax year in which you plant or graft the specified plant(s) indicating you are electing to apply section 168(k)(5) and identifying the specified plant(s) for which you are making the election. Once made, the election cannot be revoked without IRS consent.

**Qualified reuse and recycling property.** Certain qualified reuse and recycling property (defined later) placed in service after August 31, 2008, is eligible for a 50% special depreciation allowance.

Qualified reuse and recycling property includes any machinery and equipment (not including buildings or real estate), along with any appurtenance, that is used exclusively to collect, distribute, or recycle qualified reuse and recyclable materials. This includes software necessary to operate such equipment. See section 168(m)(3) for more information.

Qualified reuse and recycling property must also meet all of the following tests.

- The property must be depreciated under MACRS.
- The property must have a useful life of at least 5 years.
- You must have acquired the property by purchase after August 31, 2008. If a binding contract to acquire the property existed before September 1, 2008, the property does not qualify.



- The property must be placed in service after August 31, 2008.
- The original use of the property must begin with you after August 31, 2008.
- For self-constructed property, special rules apply. See section 168(m)(2)(C).

Qualified reuse and recycling property does not include rolling stock or other equipment used to transport reuse and recyclable materials or any property to which section 168(g) or (k) applies.

**Qualified production property.** For certain qualified production property (as defined in section 168(n)(2)) placed in service after July 4, 2025, and before January 1, 2031, you can elect to claim a 100% special depreciation allowance.

For more information on qualified production property and how to make the election, see Notice 2026-XX.

Also, see Pub. 946 and section 168(n).

**Exceptions.** Qualified property does not include:

- Listed property used 50% or less in a qualified business use (as defined in the instructions for lines 26 and 27);
- Any property required to be depreciated under the Alternative Depreciation System (ADS) (that is, not property for which you elected to use ADS);
- Property placed in service, or planted or grafted, as applicable, and disposed of in the same tax year;
- Property converted from business or income-producing use to personal use in the same tax year it is acquired;
- Property described in section 168(k)(9)(A) or 168(K)(9)(B); or
- Property for which you elected not to claim any special depreciation allowance.

See sections 168(k), 168(m), and 168(n) for additional information. Also, see Pub. 946.

**How to figure the allowance.** Figure the special depreciation allowance by multiplying the depreciable basis of the property by the applicable percentage.

To figure the depreciable basis, subtract from the business/investment portion of the cost or other basis of the property any credits and deductions allocable to the property. The following are examples of some credits and deductions that reduce the depreciable basis.

- Section 179 expense deduction.
- Deduction for removal of barriers to the disabled and the elderly.
- Disabled access credit.
- Enhanced oil recovery credit.
- Credit for employer-provided childcare facilities and services.
- Basis adjustment to investment credit property under section 50(c).
- Section 181 expense deduction.

For additional credits and deductions that affect the depreciable basis, see section 1016. Also, see Pub. 946.

**Note:** If you acquired qualified property through a like-kind exchange or involuntary conversion, and the qualified property is new property, the carryover basis and any excess basis of the acquired property is eligible for the special depreciation allowance.

Generally, a like-kind exchange after December 31, 2017, is an exchange of real property.

If you acquired qualified property through a like-kind exchange or involuntary conversion, and the qualified

property is used property, only the excess basis of the acquired property is eligible for the special depreciation allowance.

**Caution:** If you take the special depreciation allowance, you must reduce the amount on which you figure your regular depreciation or amortization deduction by the amount deducted. Also, you will not have any AMT adjustment for depreciation for the qualified property.

**Election out.** You can elect, for any class of property, to not deduct any special depreciation allowance for all such property in such class placed in service during the tax year.

To make an election, attach a statement to your timely filed return (including extensions) indicating the class of property for which you are making the election and that, for such class, you are not to claim any special depreciation allowance.

The election must be made separately by each person owning qualified property (for example, by the partnership, by the S corporation, or for each member of a consolidated group by the common parent of the group).

If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Enter "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election cannot be revoked without IRS consent.

**Note:** If you elect to not have any special depreciation allowance apply, the property placed in service during the tax year will not be subject to an AMT adjustment for depreciation.

**Recapture.** When you dispose of property for which you claimed a special depreciation allowance, any gain on the disposition is generally recaptured (included in income) as ordinary income up to the amount of the depreciation previously allowed or allowable for the property, including the special depreciation allowance. For more information, see [MACRS recapture](#), later. If qualified GO Zone property (including specified GO Zone property) ceases to be qualified GO Zone property, if qualified Recovery Assistance property ceases to be qualified Recovery Assistance property, if qualified cellulosic biomass ethanol plant property ceases to be qualified cellulosic biomass ethanol plant property, if qualified second generation biofuel plant property ceases to be qualified second generation biofuel plant property, if qualified disaster assistance property ceases to be qualified disaster assistance property, or qualified production property ceases to be qualified production property in any year after the year you claim the special depreciation allowance, the excess benefit you received from claiming the special depreciation allowance must be recaptured as ordinary income. For information on depreciation recapture, see Pub. 946. Also, see Notice 2008-25, 2008-9 I.R.B. 484, available at [IRS.gov/irb/2008-09\\_IRB/ar10.html](https://www.irs.gov/irb/2008-09_IRB/ar10.html), for additional guidance on recapture of qualified GO Zone property.

## Line 15

Report on this line depreciation for property that you elect to depreciate under the unit-of-production method or any other method not based on a term of years (other than the retirement-replacement-betterment method).

Attach a separate sheet showing:



- A description of the property and the depreciation method you elect that excludes the property from MACRS or ACRS; and
- The depreciable basis (cost or other basis reduced, if applicable, by salvage value, any section 179 expense deduction, deduction for removal of barriers to the disabled and the elderly, disabled access credit, enhanced oil recovery credit, credit for employer-provided childcare facilities and services, any special depreciation allowance, and any other applicable deduction or credit).

For additional credits and deductions that may affect the depreciable basis, see section 1016. Also, see section 50(c) to determine the basis adjustment for investment credit property.

### Line 16

Enter the total depreciation you are claiming for the following types of property (except listed property and property subject to a section 168(f)(1) election).

- ACRS property (pre-1987 rules). See Pub. 534.
- Property placed in service before 1981.
- Certain public utility property which does not meet certain normalization requirements.
- Certain property acquired from related persons.
- Property acquired in certain nonrecognition transactions.
- Certain sound recordings, movies, and videotapes.
- Property depreciated under the income forecast method. The use of the income forecast method is limited to motion picture films, videotapes, sound recordings, copyrights, books, and patents.

**Caution:** If you take the special depreciation allowance for a qualified film, television, live theatrical or sound recording production, you must reduce the amount on which you figure your regular depreciation deduction by the amount deducted.

If you use the income forecast method for any property placed in service after September 13, 1995, you may owe interest or be entitled to a refund for the 3rd and 10th tax years beginning after the tax year the property was placed in service. For details, see Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method.

For property placed in service in the current tax year, you can either include certain participations and residuals in the adjusted basis of the property or deduct these amounts when paid. See section 167(g)(7). To elect a method for the treatment of participations and residuals, attach a statement to the timely filed return (including extensions) for the tax year the income forecast property is placed in service and provide a description of the property to which the participations and residuals relate, the date the property was placed in service, and how you elect to treat the participations and residuals for that property. You cannot use this method to depreciate any amortizable section 197 intangible. For more details, see the instructions for section 197 intangibles, later.

- Intangible property, other than section 197 intangibles, including the following.

1. Computer software. Use the straight line method over 36 months. A longer period may apply to software leased under a lease agreement entered into after March 12, 2004, to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership). See section 167(f)(1)(C).

**Caution:** If you elect the section 179 expense deduction or take the special depreciation allowance for qualified computer software, you must reduce the amount on which you figure your regular depreciation deduction by the amount deducted.

2. Any right to receive tangible property or services under a contract or granted by a governmental unit (not acquired as part of a business).

3. Any interest in a patent or copyright not acquired as part of a business.

4. Residential mortgage servicing rights. Use the straight line method over 108 months.

5. Other intangible assets with a limited useful life that cannot be estimated with reasonable accuracy. Generally, use the straight line method over 15 years. See Regulations section 1.167(a)-3(b) for details and exceptions.

**Caution:** Prior years' depreciation, plus current year's depreciation, can never exceed the depreciable basis of the property.

## Part III. MACRS Depreciation

The term "Modified Accelerated Cost Recovery System" (MACRS) includes the General Depreciation System (GDS) and the Alternative Depreciation System (ADS). Generally, MACRS is used to depreciate any tangible property placed in service after 1986. However, MACRS does not apply to films, videotapes, and sound recordings. For more details and exceptions, see Pub. 946.

### Section A

#### Line 17

For tangible property placed in service in tax years beginning before 2025 and depreciated under MACRS ("MACRS asset"), enter the deductions for the current year. To figure the deductions, see the instructions for line 19, column (g).

**Note:** If you dispose of a portion of a MACRS asset and are required to (or elect to) take the basis of the asset into account, you must reduce the basis and depreciation reserve of the MACRS asset by the basis and depreciation reserve attributable to the disposed portion as of the first day of the tax year before you compute the depreciation deduction for the current year. To figure the depreciation deduction for the remaining MACRS asset and the disposed portion, see the instructions for line 19, column (g). For more information, see Regulations section 1.168(i)-8.

#### Line 18

To simplify the computation of MACRS depreciation, you can elect to group assets into one or more general asset accounts. The assets in each general asset account are depreciated as a single asset.

Each general asset account must include only assets that were placed in service during the same tax year and that have the same depreciation method, recovery period, and convention. However, an asset cannot be included in a general asset account if the asset is used both for personal purposes and business/investment purposes.

When an asset in an account is disposed of, the amount realized must generally be recognized as ordinary income. The unadjusted depreciable basis and depreciation reserve

of the general asset account are not affected as a result of a disposition.

Special rules apply to passenger automobiles, assets generating foreign source income, assets converted to personal use, certain asset dispositions, and like-kind exchanges or involuntary conversions of property in a general asset account. For more details, see Regulations section 1.168(i)-1 (as in effect for tax years beginning on or after January 1, 2014).

To make the election, check the box on line 18. You must make the election on your return filed no later than the due date (including extensions) for the tax year in which the assets included in the general asset account were placed in service. Once made, the election is irrevocable and applies to the tax year for which the election is made and all later tax years.

For more information on depreciating property in a general asset account, see Pub. 946.

## Section B

**Property acquired in a like-kind exchange or involuntary conversion.** Generally, you must depreciate the carryover basis of property you acquire in a like-kind exchange or involuntary conversion during the current tax year over the remaining recovery period of the property exchanged or involuntarily converted. Use the same depreciation method and convention that was used for the exchanged or involuntarily converted property. Treat any excess basis as newly placed in service property. Figure depreciation separately for the carryover basis and the excess basis, if any.

These rules apply only to acquired property with the same or a shorter recovery period or the same or a more accelerated depreciation method than the property exchanged or involuntarily converted. For additional rules, see Regulations section 1.168(i)-6(c) and Pub. 946.

**Election out.** Instead of using the above rules, you can elect, for depreciation purposes, to treat the adjusted basis of the exchanged property as if it was disposed of at the time of the exchange or involuntary conversion. Generally, treat the carryover basis and excess basis, if any, for the acquired property as if placed in service on the date you acquired it. The depreciable basis of the new property is the adjusted basis of the exchanged or involuntarily converted property plus any additional amount paid for it. See Regulations section 1.168(i)-6(i).

To make the election, figure the depreciation deduction for the new property in Part III. For listed property, use Part V. Attach a statement indicating "Election made under section 1.168(i)-6(i)" for each property involved in the exchange or involuntary conversion. The election must be made separately by each person acquiring replacement property (for example, by the partnership, by the S corporation, or by the common parent of a consolidated group). The election must be made on your timely filed return (including extensions). Once made, the election cannot be revoked without IRS consent.

**Caution:** Generally, a like-kind exchange after December 31, 2017, is an exchange of real property.

## Lines 19a Through 19j

Use lines 19a through 19j only for assets placed in service during the tax year beginning in 2025 and depreciated under

GDS, except for automobiles and other listed property (which are reported in Part V).

**Note:** If you elect not to claim the special depreciation allowance for qualified production property, include the deduction for MACRS depreciation in the total reported on line 19j and enter "See attachment" in the bottom margin of the form. On the attached statement identify the property as "QPP" and indicate the amount of MACRS depreciation claimed for this property. See [Qualified production property](#), earlier, for details on which property qualifies as qualified production property.

**Column (a)—Classification of property.** Sort the property you acquired and placed in service during the tax year beginning in 2025 according to its classification (3-year property, 5-year property, etc.) as shown in column (a) of lines 19a through 19j. The classifications for some property are shown below. For property not shown, see [Determining the classification](#), later.

**3-year property** includes the following.

- A race horse that is more than 2 years old at the time it is placed in service.
- Any horse (other than a race horse) that is more than 12 years old at the time it is placed in service.
- Any qualified rent-to-own property (as defined in section 168(i)(14)).

**5-year property** includes the following.

- Automobiles.
- Light general purpose trucks.
- Typewriters, calculators, copiers, and duplicating equipment.
- Any semi-conductor manufacturing equipment.
- Any qualified technological equipment.
- Any section 1245 property used in connection with research and experimentation.
- Certain energy property specified in section 168(e)(3)(B)(vi).
- Appliances, carpets, furniture, etc., used in a rental real estate activity.
- Any new machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) used in a farming business and placed in service after 2017, in tax years ending after 2017. The original use of the property must begin with you after 2017.
- Any qualified facility (as defined in section 45Y(b)(1)(A)), any qualified property (as defined in subsection (b)(2) of section 48E) which is a qualified investment (as defined in subsection (b)(1) of such section), or any energy storage technology (as defined in subsection (c)(2) of such section) and placed in service after 2025.

**7-year property** includes the following.

- Office furniture and equipment.
- Railroad track.
- Any motorsports entertainment complex (as defined in section 168(i)(15)).
- Any natural gas gathering line (as defined in section 168(i)(17)) placed in service after April 11, 2005, the original use of which begins with you after April 11, 2005, and is not under self-construction or subject to a binding contract in existence before April 12, 2005. Also, no AMT adjustment is required.
- Any used agricultural machinery and equipment placed in service after 2017, grain bins, cotton ginning assets, or fences used in a farming business (but no other land improvements).

• Any property that does not have a class life and is not otherwise classified.

**10-year property** includes the following.

- Vessels, barges, tugs, and similar water transportation equipment.
- Any single purpose agricultural or horticultural structure (see section 168(i)(13)).
- Any tree or vine bearing fruits or nuts.
- Any qualified smart electric meter property.
- Any qualified smart electric grid system property.

**15-year property** includes the following.

- Any municipal wastewater treatment plant.
- Any telephone distribution plant and comparable equipment used for 2-way exchange of voice and data communications.
- Any section 1250 property that is a retail motor fuels outlet (whether or not food or other convenience items are sold there).
- Initial clearing and grading land improvements for gas utility property.
- Certain electric transmission property specified in section 168(e)(3)(E)(v) placed in service after April 11, 2005, the original use of which begins with you after April 11, 2005, and is not under self-construction or subject to a binding contract in existence before April 12, 2005.
- Qualified improvement property, as defined in section 168(e)(6), placed in service by you after December 31, 2017.

**20-year property** includes the following.

- Farm buildings (other than single purpose agricultural or horticultural structures).
- Municipal sewers not classified as 25-year property.
- Initial clearing and grading land improvements for electric utility transmission and distribution plants.

**25-year property** is water utility property, which is:

- Property that is an integral part of the gathering, treatment, or commercial distribution of water that, without regard to this classification, would be 20-year property; and
- Municipal sewers.

This classification does not apply to property placed in service under a binding contract in effect at all times since June 9, 1996.

**Residential rental property** is a building in which 80% or more of the total rent is from dwelling units.

**Nonresidential real property** is any real property that is neither residential rental property nor property with a class life of less than 27.5 years.

**50-year property** includes any improvements necessary to construct or improve a roadbed or right-of-way for railroad track that qualifies as a railroad grading or tunnel bore under section 168(e)(4).

**Determining the classification.** If your depreciable property is not listed above, determine the classification as follows.

1. Find the property's class life. See the Table of Class Lives and Recovery Periods in Pub. 946.
2. Use the following table to find the classification in column (b) that corresponds to the class life of the property in column (a).

(a) Class life (in years) (See Pub. 946.)	(b) Classification
4 or less	3-year property
More than 4 but less than 10	5-year property
10 or more but less than 16	7-year property
16 or more but less than 20	10-year property
20 or more but less than 25	15-year property
25 or more	20-year property

**Column (b)—Month and year placed in service.** For lines 19i and 19j, enter the month and year you placed the property in service. If you converted property held for personal use to use in a trade or business or for the production of income, treat the property as being placed in service on the conversion date.

**Column (c)—Basis for depreciation (business/investment use only).** To find the basis for depreciation, multiply the cost or other basis of the property by the percentage of business/investment use. From that result, subtract any credits and deductions allocable to the property. The following are examples of some credits and deductions that reduce the basis for depreciation.

- Section 179 expense deduction.
- Deduction under section 179D for certain energy efficient commercial building property.
- Deduction for removal of barriers to the disabled and the elderly.
- Disabled access credit.
- Enhanced oil recovery credit.
- Credit for alternative fuel vehicle refueling property.
- Credit for employer-provided childcare facilities and services.
- Any special depreciation allowance included on line 14.
- Any basis adjustment for investment credit property. See section 50(c).
- Any basis adjustment for advanced manufacturing investment credit property. See section 48D(d)(5).

For additional credits and deductions that affect the depreciable basis, see section 1016 and Pub. 946.

**Column (d)—Recovery period.** Determine the recovery period from the following table. See Pub. 946 for more information on the recovery period for MACRS property.

### Recovery Period for Most Property

Classification	Recovery period
3-year property	3 yrs.
5-year property	5 yrs.
7-year property	7 yrs.
10-year property	10 yrs.
15-year property	15 yrs.
20-year property	20 yrs.
25-year property	25 yrs.
Residential rental property	27.5 yrs.
Nonresidential real property	39 yrs.
Railroad gradings and tunnel bores	50 yrs.

**Column (e)—Convention.** The applicable convention determines the portion of the tax year for which depreciation is allowable during a year property is either placed in service or disposed of. There are three types of conventions. To select the correct convention, you must know the type of property and when you placed the property in service.



**Half-year convention.** This convention applies to all property reported on lines 19a through 19h, unless the mid-quarter convention applies. It does not apply to residential rental property, nonresidential real property, and railroad gradings and tunnel bores. It treats all property placed in service (or disposed of) during any tax year as placed in service (or disposed of) on the midpoint of that tax year. Enter "HY" in column (e).

**Mid-quarter convention.** If the total depreciable bases (before any special depreciation allowance) of MACRS property placed in service during the last 3 months of your tax year exceed 40% of the total depreciable bases of MACRS property placed in service during the entire tax year, the mid-quarter, instead of the half-year, convention generally applies.

In determining whether the mid-quarter convention applies, do not take into account the following.

- Property that is being depreciated under a method other than MACRS.
- Any residential rental property, nonresidential real property, or railroad gradings and tunnel bores.
- Property that is placed in service and disposed of within the same tax year.

The mid-quarter convention treats all property placed in service (or disposed of) during any quarter as placed in service (or disposed of) on the midpoint of that quarter. However, no depreciation is allowed under this convention for property that is placed in service and disposed of within the same tax year. Enter "MQ" in column (e).

**Mid-month convention.** This convention applies only to residential rental property (line 19i), nonresidential real property (line 19j), and railroad gradings and tunnel bores. It treats all property placed in service (or disposed of) during any month as placed in service (or disposed of) on the midpoint of that month. Enter "MM" in column (e).

**Column (f)—Method.** Applicable depreciation methods are prescribed for each classification of property as follows. However, you can make an irrevocable election to use the straight line method for all property within a classification that is placed in service during the tax year. Enter "200 DB" for 200% declining balance, "150 DB" for 150% declining balance, or "S/L" for straight line.

- **3-, 5-, 7-, and 10-year property.** Generally, the applicable method is the 200% declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate.

**Note:** The straight line method is the only applicable method for trees and vines bearing fruits or nuts. The 150% declining balance method is the only applicable method for any qualified smart electric meter or any qualified smart electric grid system property placed in service after October 3, 2008.

For 3-, 5-, 7-, or 10-year property eligible for the 200% declining balance method, you can make an irrevocable election to use the 150% declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate. The election applies to all property within the classification for which it is made and that was placed in service during the tax year. You will not have an AMT adjustment for any property included under this election.

For 3-, 5-, 7-, or 10-year property used in a farming business and placed in service after 2017, in tax years ending after 2017, the 150% declining balance method is no longer required. However, the 150% declining balance

method will continue to apply to any 15- or 20-year property used in a farming business to which the straight line method does not apply or to property for which you elect the use of the 150% declining balance method.

- **15- and 20-year property and property used in a farming business.** The applicable method is the 150% declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate. For 3-, 5-, 7-, and 10-year property used in a farming business and placed in service after 2017, see 3-, 5-, 7-, or 10-year property above.
- **Water utility property, residential rental property, nonresidential real property, or any railroad grading or tunnel bore.** The only applicable method is the straight line method.

**Column (g)—Depreciation deduction.** To figure the depreciation deduction, you may use optional Tables A through E, which begin later. Multiply column (c) by the applicable rate from the appropriate table. See Pub. 946 for complete tables. If you disposed of the property during the current tax year, multiply the result by the applicable decimal amount from the tables in Step 3, later. Or, you may compute the deduction yourself by completing the following steps.

**Step 1.** Determine the depreciation rate as follows.

- If you are using the 200% or 150% declining balance method in column (f), divide the declining balance rate (use 2.00 for 200 DB or 1.50 for 150 DB) by the number of years in the recovery period in column (d). For example, for property depreciated using the 200 DB method over a recovery period of 5 years, divide 2.00 by 5 for a rate of 40%. You must switch to the straight line rate in the first year that the straight line rate exceeds the declining balance rate.
- If you are using the straight line method, divide 1.00 by the remaining number of years in the recovery period as of the beginning of the tax year (but not less than 1). For example, if there are 6½ years remaining in the recovery period as of the beginning of the year, divide 1.00 by 6.5 for a rate of 15.38%.

**Step 2.** Multiply the percentage rate determined in Step 1 by the property's unrecovered basis (basis for depreciation (as defined in column (c)) reduced by all prior years' depreciation.

**Step 3.** For property placed in service or disposed of during the current tax year, multiply the result from Step 2 by the applicable decimal amount from the tables below (based on the convention shown in column (e)).

<b>Half-year (HY) convention</b> . . . . .			0.5
<b>Mid-quarter (MQ) convention</b>			
<b>Placed in service (or disposed of) during the:</b>	<b>Placed in service</b>	<b>Disposed of</b>	
1st quarter . . . . .	0.875	0.125	
2nd quarter . . . . .	0.625	0.375	
3rd quarter . . . . .	0.375	0.625	
4th quarter . . . . .	0.125	0.875	

Mid-month (MM) convention Placed in service (or disposed of) during the:	Placed in service	Disposed of
1st month . . . . .	0.9583	0.0417
2nd month . . . . .	0.8750	0.1250
3rd month . . . . .	0.7917	0.2083
4th month . . . . .	0.7083	0.2917
5th month . . . . .	0.6250	0.3750
6th month . . . . .	0.5417	0.4583
7th month . . . . .	0.4583	0.5417
8th month . . . . .	0.3750	0.6250
9th month . . . . .	0.2917	0.7083
10th month . . . . .	0.2083	0.7917
11th month . . . . .	0.1250	0.8750
12th month . . . . .	0.0417	0.9583

**Short tax years.** See Pub. 946 for rules on how to compute the depreciation deduction for property placed in service in a short tax year.

## Section C

### Lines 20a Through 20e

Complete lines 20a through 20e for assets, other than automobiles and other listed property, placed in service only during the tax year beginning in 2025 and depreciated under ADS. Report on line 17 MACRS depreciation on assets placed in service in prior years.

Under ADS, use the applicable depreciation method, the applicable recovery period, and the applicable convention to compute depreciation.

The following types of property must be depreciated under ADS.

- Tangible property used predominantly outside the United States.
- Tax-exempt use property.
- Tax-exempt bond financed property.
- Imported property covered by an executive order of the President of the United States.
- Property used predominantly in a farming business and placed in service during any tax year in which you made an election under section 263A(d)(3) to not have the uniform capitalization rules of section 263A apply.
- Any nonresidential real property, residential rental property, or qualified improvement property held by an electing real property trade or business (as defined in section 163(j)(7)(B)).
- Any property that has a recovery period of 10 years or more under section 168(c) that is held by an electing farming business (as defined in section 163(j)(7)(C)).

Instead of depreciating property under GDS (line 19), you can make an irrevocable election for any classification of property for any tax year to use ADS. For residential rental and nonresidential real property, you can make this election separately for each property. You make this election by completing line 20 of Form 4562.

**Column (a)—Classification of property.** Use the following rules to determine the classification of the property under ADS.

Under ADS, the depreciation deduction for most property is based on the property's class life. See section 168(g)(3) for special rules for determining the class life for certain property. See Pub. 946 for information on recovery periods for ADS and the Table of Class Lives and Recovery Periods.

Use line 20a for all property depreciated under ADS, except property that does not have a class life, residential rental and nonresidential real property, water utility property, and railroad gradings and tunnel bores. Use line 20b for property that does not have a class life. Use line 20c for residential rental property. Use line 20d for nonresidential real property.

**Residential rental property.** The ADS recovery period for residential rental property placed in service after 2017 is 30 years. The ADS recovery period for residential rental property placed in service before January 1, 2018, is 30 years if the property is held by an electing real property trade or business (as defined in section 163(j)(7)(B)) and section 168(g)(1)(A), (B), (C), (D), or (E) did not apply to the property before January 1, 2018. Report depreciation for these assets on line 20c. For more information, see Pub. 946.

**Water utility property and railroad gradings and tunnel bores.** These assets are 50-year property under ADS. Use line 20e for reporting water utility property and railroad grading and tunnel bores. For more information, see Pub. 946.

**Column (b)—Month and year placed in service.** For residential rental property and 40-year property, enter the month and year placed in service or converted to use in a trade or business or for the production of income.

**Column (c)—Basis for depreciation (business/investment use only).** See the instructions for line 19, column (c).

**Column (d)—Recovery period.** On line 20a, enter the property's class life.

**Column (e)—Convention.** Under ADS, the applicable conventions are the same as those used under GDS. See the instructions for line 19, column (e).

**Column (g)—Depreciation deduction.** Figure the depreciation deduction in the same manner as under GDS, except use the straight line method over the ADS recovery period and use the applicable convention.

**MACRS recapture.** If you later dispose of property you depreciated using MACRS, any gain on the disposition is generally recaptured (included in income) as ordinary income up to the amount of the depreciation previously allowed or allowable for the property. Depreciation, for this purpose, includes any of the following amounts taken during the 2025 tax year.

- Any section 179 expense deduction claimed on the property.
- Any special depreciation allowance available for the property (unless you elected not to claim it).
- Any deduction under section 179B for capital costs incurred in complying with Environmental Protection Agency sulfur regulations.

There is no recapture for residential rental and nonresidential real property, unless that property is qualified property for which you claimed a special depreciation allowance (discussed earlier). For more information on depreciation recapture, see Pub. 946.

## Part IV. Summary

### Line 22

A partnership or S corporation does not include any section 179 expense deduction (line 12) on this line. Instead, any section 179 expense deduction is passed through separately

to the partners and shareholders on the appropriate line of their Schedules K-1.

### Lines 23a and 23b

If you are subject to the uniform capitalization rules of section 263A, enter the increase in basis from costs you must capitalize. Complete lines 23a and 23b for assets shown in Part III that you have placed in service during the current tax year and have costs capitalized under section 263A. For a detailed discussion of who is subject to these rules, which costs must be capitalized, and allocation of costs among activities, see Regulations section 1.263A-1.

**Line 23a.** If you are subject to the uniform capitalization rules specifically for interest costs under section 263A(f), enter the increase in basis from interest costs you must capitalize. For a detailed discussion on interest capitalization rules, see Regulation sections 1.263A-8 through 1.263A-12.

**Line 23b.** If you are subject to the uniform capitalization rules specifically for interest costs under section 263A(f), enter the increase in basis from costs you must capitalize other than interest costs under section 263A(f). See Regulations section 1.263A-1. Also, see line 23a above.

## Part V. Listed Property

If you claim the standard mileage rate, actual vehicle expenses (including depreciation), or depreciation on other listed property, you must provide the information requested in Part V, regardless of the tax year the property was placed in service. However, if you file Form 2106, report this information on that form and not in Part V. Also, if you file Schedule C (Form 1040) and are claiming the standard mileage rate or actual vehicle expenses (except depreciation), and you are not required to file Form 4562 for any other reason, report vehicle information in Part IV of Schedule C and not on Form 4562.

### Section A

**Caution:** The section 179 expense deduction should be computed before calculating any special depreciation allowance and/or regular depreciation deduction. See the instructions for line 26, column (i).

Listed property used 50% or less in a qualified business use (as defined in the instructions for lines 26 and 27 below) does not qualify for the section 179 expense deduction or special depreciation allowance.

### Line 24c

Indicate whether you owned, leased, or chartered an aircraft during the tax year. Check all boxes that apply. See [Business aircraft](#), later, for information on the requirements and tests for qualified business use of business aircraft.

### Line 25

If you placed in service certain qualified listed property during the tax year, you may be able to deduct the special depreciation allowance. This property includes certain qualified property acquired and placed in service after January 19, 2025, and certain qualified property acquired after September 27, 2017, and placed in service before January 20, 2025. See the instructions for line 14 for the definition of qualified property and how to figure the deduction. This special depreciation allowance is included in the overall limit on depreciation and section 179 expense deduction for passenger automobiles. See the tables for

limitations on passenger vehicles and trucks and vans, later. Enter on line 25 your total special depreciation allowance for all qualified listed property.

### Lines 26 and 27

Use line 26 to figure depreciation for property used more than 50% in a qualified business use. Use line 27 to figure the depreciation for property used 50% or less in a qualified business use. Also, see [Limits for passenger automobiles](#), later.

**Caution:** If you acquired the property through a trade-in, special rules apply for determining the basis, recovery period, depreciation method, and convention. For more details, see *Property acquired in a like-kind exchange or involuntary conversion*, earlier. Also, see Regulations section 1.168(i)-6(d)(3).

**Qualified business use.** To determine whether to use line 26 or line 27 to report your listed property, you must first determine the percentage of qualified business use for each property. Generally, a qualified business use is any use in your trade or business. However, it does not include any of the following.

- Investment use.
- Leasing the property to a 5% owner or related person if the value related to such usage is not reported as income to the individual.
- The use of the property as compensation for services performed by a 5% owner or related person.
- The use of the property as compensation for services performed by any person (who is not a 5% owner or related person), unless an amount is included in that person's income for the use of the property and, if required, income tax was withheld on that amount.
- The use of property that is determined to be non-deductible under section 274.

Excluding these uses above from the numerator, determine your percentage of qualified business use similar to the method used to figure the business/investment use percentage in column (c). Your percentage of qualified business use may be smaller than the business/investment use percentage.

For more information, including the definition of a 5% owner and related person and exceptions, see Pub. 946.

**Business aircraft.** In determining the qualified business use related to business aircraft two tests must be met to claim an accelerated depreciation method, including the special depreciation allowance. To claim accelerated depreciation on business aircraft you must meet the 50% test under section 280F(b) and the 25% test under section 280F(d)(6)(C)(ii). Failure to meet these tests disqualifies the aircraft from claiming accelerated depreciation, including the special depreciation allowance. Qualified business use for an aircraft is computed using each passenger on every flight leg. You must also maintain contemporaneous records to substantiate the following.

- The amount of the aircraft expense,
- Time and place of travel,
- Business purpose of the travel, and
- Business relationship of each individual using the aircraft.

See Pub. 946. Also, see sections 280F(b) and 280F(d)(6)(C)(ii).

**Listed property recapture.** If you used listed property more than 50% in a qualified business use in the year you placed the property in service, and used it 50% or less in a later year,



you may have to include as income part of the depreciation, including the special depreciation allowance, deducted in prior years. Use Form 4797, Sales of Business Property, to figure the recapture amount.

**Column (a)—Type of property.** List on a property-by-property basis all your listed property in the following order.

1. Automobiles and other vehicles.
2. Other listed property (computers and peripheral equipment placed in service before 2018, etc.).

In column (a), list the makes and models of automobiles, and give a general description of other listed property.

If you have more than five vehicles used 100% for business/investment purposes, you may group them by tax year. Otherwise, list each vehicle separately.

**Column (b)—Date placed in service.** Enter the date the property was placed in service. If property held for personal use is converted to business/investment use, treat the property as placed in service on the date of conversion.

**Column (c)—Business/investment use percentage.** Enter the percentage of business/investment use. For automobiles and other vehicles, determine this percentage by dividing the number of miles the vehicle is driven for trade or business purposes or for the production of income during the year (not to include any commuting mileage) by the total number of miles the vehicle is driven for all purposes. Treat vehicles used by employees as being used 100% for business/investment purposes if the value of personal use is included in the employees' gross income, or the employees reimburse the employer for the personal use. For more information, see Pub. 463.

For other listed property (such as computers placed in service before 2018 or video equipment), allocate the use based on the most appropriate unit of time the property is actually used (rather than merely being available for use).

If during the tax year you convert property used solely for personal purposes to business/investment use (or vice versa), figure the percentage of business/investment use only for the number of months you use the property in your business or for the production of income. Multiply that percentage by the number of months you use the property in your business or for the production of income, and divide the result by 12.

**Column (d)—Cost or other basis.** Enter the property's actual cost (including sales tax) or other basis (unadjusted for prior years' depreciation). If you traded in old property, see [Property acquired in a like-kind exchange or involuntary conversion](#), earlier.

For a vehicle, reduce your basis by any qualified electric vehicle credit you claimed for property placed in service before January 1, 2007, or by any alternative motor vehicle credit allowed.

If you converted the property from personal use to business/investment use, your basis for depreciation is the smaller of the property's adjusted basis or its fair market value on the date of conversion.

**Column (e)—Basis for depreciation (business/investment use only).** Multiply column (d) by the percentage in column (c). From that result, subtract any section 179 expense deduction, any special depreciation allowance, any credit for employer-provided childcare facilities and services,

and half of any investment credit taken before 1986 (unless you claimed the reduced credit). For automobiles and other listed property placed in service after 1985 (that is, transition property), reduce the depreciable basis by the entire investment credit.

**Column (f)—Recovery period.** Enter the recovery period. For property placed in service after 1986 and used more than 50% in a qualified business use, use the table in the instructions for line 19, column (d). For property placed in service after 1986 and used 50% or less in a qualified business use, depreciate the property using the straight line method over its ADS recovery period. The ADS recovery period is 5 years for automobiles and computers.

**Column (g)—Method/convention.** Enter the method and convention used to figure your depreciation deduction. See the instructions for line 19, columns (e) and (f). Enter "200 DB," "150 DB," or "S/L" for the depreciation method, and "HY," "MM," or "MQ" for half-year, mid-month, or mid-quarter conventions, respectively. For property placed in service before 1987, enter "PRE" if you used the prescribed percentages under ACRS. If you elected an alternate percentage or if you are required to depreciate the property using the straight line method, enter "S/L."

**Column (h)—Depreciation deduction.** See [Limits for passenger automobiles](#), later, before entering an amount in column (h).

For property used more than 50% in a qualified business use (line 26) and placed in service after 1986, figure column (h) by following the instructions for line 19, column (g). If placed in service before 1987, multiply column (e) by the applicable percentage given in Pub. 534 for ACRS property. If the recovery period for an automobile ended before your tax year beginning in 2025, enter your unrecovered basis, if any, in column (h).

For property used 50% or less in a qualified business use (line 27) and placed in service after 1986, figure column (h) by dividing the amount in column (e) by the amount in column (f). Use the same conventions as discussed in the instructions for line 19, column (e). The amount in column (h) cannot exceed the property's unrecovered basis. If the recovery period for an automobile ended before your tax year beginning in 2025, enter your unrecovered basis, if any, in column (h).

For property placed in service before 1987 that was disposed of during the year, enter zero.

**Limits for passenger automobiles.** The depreciation deduction, including the section 179 expense deduction and special depreciation allowance, for passenger automobiles is limited. For any passenger automobile (including an electric passenger automobile) you list on line 26 or line 27, the total of columns (h) and (i) on line 26 or 27 and column (h) on line 25 for that automobile cannot exceed the applicable limit shown in Table 1, 2, 3, or 4. If the business/investment use percentage in column (c) for the automobile is less than 100%, you must reduce the applicable limit to an amount equal to the limit multiplied by that percentage. For example, for an automobile (including a truck or van) placed in service in 2025 (for which you elect not to claim any special depreciation allowance) that is used 60% for business/investment, the limit is \$7,320 (\$12,200 x 60% (0.60)).

For purposes of the limits for passenger automobiles, the following apply.

- Passenger automobiles are 4-wheeled vehicles manufactured primarily for use on public roads that are rated at 6,000 pounds unloaded gross vehicle weight or less (for a truck or van, gross vehicle weight is substituted for unloaded gross vehicle weight).
- Electric passenger automobiles are vehicles produced by an original equipment manufacturer and designed to run primarily on electricity, placed in service after August 5, 1997, and before January 1, 2007.

**Exception.** The following vehicles are not considered passenger automobiles.

- An ambulance, hearse, or combination ambulance-hearse used in your trade or business.
- A vehicle used in your trade or business of transporting persons or property for compensation or hire.
- Any truck or van placed in service after July 6, 2003, that is a qualified nonpersonal use vehicle. A truck or van is a qualified nonpersonal use vehicle only if it has been specially modified with the result that it is not likely to be used more than a de minimis amount for personal purposes. For example, a van that has only a front bench for seating, in which permanent shelving has been installed, that constantly carries merchandise or equipment, and that has been specially painted with advertising or the company's name, is a vehicle not likely to be used more than a de minimis amount for personal purposes.

**Exception for leasehold property.** The business use requirement and the limits for passenger automobiles generally do not apply to passenger automobiles leased or held by anyone regularly engaged in the business of leasing passenger automobiles.

For a detailed discussion on passenger automobiles, including leased automobiles, see Pub. 463.

**Table 1—Limits for Passenger Automobiles**  
(including trucks and vans) **Acquired Before**  
**September 28, 2017, and Placed in Service Before**  
**2020**

IF you placed your automobile in service:	AND the number of tax years in which this automobile has been in service is:	THEN the limit on your depreciation and section 179 expense deduction is:
Jan. 1–Dec. 31, 2018	3	\$9,600
	4 or more	\$5,760
Jan. 1–Dec. 31, 2019	3	\$9,700
	4 or more	\$5,760

**Table 2—Limits for Passenger Automobiles**  
(including trucks and vans) **Acquired After**  
**September 27, 2017, and Placed in Service Before**  
**2026**

IF you placed your automobile in service:	AND the number of tax years in which this automobile has been in service is:	THEN the limit on your depreciation and section 179 expense deduction is:
Jan. 1–Dec. 31, 2018	3	\$9,600
	4 or more	\$5,760
Jan. 1–Dec. 31, 2019	3	\$9,700
	4 or more	\$5,760
Jan. 1–Dec. 31, 2020	3	\$9,700
	4 or more	\$5,760
Jan. 1–Dec. 31, 2021	3	\$9,800
	4 or more	\$5,860
Jan. 1–Dec. 31, 2022	3	\$10,800
	4 or more	\$6,460
Jan. 1–Dec. 31, 2023	3	\$11,700
	4 or more	\$6,960
Jan. 1–Dec. 31, 2024	2	\$19,800
	3	\$11,900
Jan. 1–Dec. 31, 2025	1	\$12,200*
	2	\$19,600

\* If you take the special depreciation allowance for qualified passenger automobiles acquired after September 27, 2017, and placed in service in 2025, the limit is \$20,200.

**Table 3—Limits for Passenger Automobiles**  
**Placed in Service After 2003 and Before 2018**  
(excluding trucks and vans placed in service after 2002 and electric passenger automobiles placed in service before January 1, 2007)

IF you placed your automobile in service:	AND the number of tax years in which this automobile has been in service is:	THEN the limit on your depreciation and section 179 expense deduction is:
Jan. 1, 2004–Dec. 31, 2005	4 or more	\$1,675
Jan. 1, 2006–Dec. 31, 2011	4 or more	\$1,775
Jan. 1, 2012–Dec. 31, 2017	4 or more	\$1,875

**Table 4—Limits for Trucks and Vans Placed in Service After 2003 and Before 2018**

IF you placed your truck or van in service:	AND the number of tax years in which this truck or van has been in service is:	THEN the limit on your depreciation and section 179 expense deduction is:
Jan. 1, 2004–Dec. 31, 2008	4 or more	\$1,875
Jan. 1–Dec. 31, 2009	4 or more	\$1,775
Jan. 1, 2010–Dec. 31, 2012	4 or more	\$1,875
Jan. 1, 2013–Dec. 31, 2015	4 or more	\$1,975
Jan. 1–Dec. 31, 2016	4 or more	\$2,075
Jan. 1–Dec. 31, 2017	3	\$3,450
	4 or more	\$2,075

**Column (i)—Elected section 179 cost.** Enter the amount you elect to expense for section 179 property used more than 50% in a qualified business use (subject to the limits for passenger automobiles). Refer to the instructions for Part I to determine if the property qualifies under section 179.

You cannot elect to expense more than \$31,300 of the cost of any SUVs and certain other vehicles placed in service during the tax year. This rule 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 gross vehicle weight. However, the \$31,300 limit does not apply to any vehicle:

- Designed to seat more than nine persons behind the driver's seat;
- Equipped with a cargo area (either open or enclosed by a cap) of at least 6 feet in interior length that is not readily accessible directly 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.

**Recapture of section 179 expense deduction.** If you used listed property more than 50% in a qualified business use in the year you placed the property in service and used it 50% or less in a later year, you may have to recapture in the later year part of the section 179 expense deduction. Use Form 4797 to figure the recapture amount.

## Section B

Except as noted below, you must complete lines 30 through 36 for each vehicle identified in Section A. Employees must provide their employers with the information requested on lines 30 through 36 for each automobile or vehicle provided for their use.

**Exception.** Employers are not required to complete lines 30 through 36 for vehicles used by employees who are not more than 5% owners or related persons and for which the question on line 37, 38, 39, 40, or 41 is answered "Yes."

## Section C

Employers providing vehicles to their employees satisfy the employer's substantiation requirements under section 274(d) by maintaining a written policy statement that:

- Prohibits personal use including commuting, or
- Prohibits personal use except for commuting.

An employee does not need to keep a separate set of records for any vehicle that satisfies these written policy statement rules.

For both written policy statements, there must be evidence that would enable the IRS to determine whether use of the vehicle meets the conditions stated below.

### Line 37

A policy statement that prohibits personal use (including commuting) must meet all of the following conditions.

- The employer owns or leases the vehicle and provides it to one or more employees for use in the employer's trade or business.
- When the vehicle is not used in the employer's trade or business, it is kept on the employer's business premises, unless it is temporarily located elsewhere (for example, for maintenance or because of a mechanical failure).
- No employee using the vehicle lives at the employer's business premises.
- No employee may use the vehicle for personal purposes, other than de minimis personal use (for example, a stop for lunch between two business deliveries).
- Except for de minimis use, the employer reasonably believes that no employee uses the vehicle for any personal purpose.

### Line 38

A policy statement that prohibits personal use (except for commuting) is not available if the commuting employee is an officer, director, or 1% or more owner. This policy must meet all of the following conditions.

- The employer owns or leases the vehicle and provides it to one or more employees for use in the employer's trade or business, and it is used in the employer's trade or business.
- For bona fide noncompensatory business reasons, the employer requires the employee to commute to and/or from work in the vehicle.
- The employer establishes a written policy under which the employee may not use the vehicle for personal purposes, other than commuting or de minimis personal use (for example, a stop for a personal errand between a business delivery and the employee's home).
- Except for de minimis use, the employer reasonably believes that the employee does not use the vehicle for any personal purpose other than commuting.
- The employer accounts for the commuting use by including an appropriate amount in the employee's gross income.

### Line 40

An employer that provides more than five vehicles to its employees who are not 5% owners or related persons need not complete Section B for such vehicles. Instead, the employer must obtain the information from its employees and retain the information received.

### Line 41

An automobile meets the requirements for qualified demonstration use if the employer maintains a written policy statement that:

- Prohibits its use by individuals other than full-time automobile salespersons,
- Prohibits its use for personal vacation trips,



- Prohibits storage of personal possessions in the automobile, and
- Limits the total mileage outside the salesperson's normal working hours.

## Part VI. Amortization

Each year, you can deduct part of certain capital costs over a fixed period.

Attach any information the Code and regulations may require to make a valid election. See the applicable Code section and regulations for more information.

**Caution:** If you amortize property, the part you amortize does not qualify for the section 179 expense deduction or for depreciation.

### Line 42

Complete line 42 only for those costs you amortize for which the amortization period begins during your tax year beginning in 2025.

**Column (a)—Description of costs.** Describe the costs you are amortizing. You can amortize the following.

**Geological and geophysical expenditures (section 167(h)).** You must amortize geological and geophysical expenses paid or incurred in connection with the exploration or development of oil and gas within the United States ratably over a 24-month period, beginning on the midpoint of the tax year in which the expenses were paid or incurred. For a major integrated oil company (as defined in section 167(h)(5)), the costs paid or incurred after December 19, 2007, must be amortized ratably over a 7-year period (a 5-year period for costs paid or incurred after May 17, 2006, and before December 20, 2007).

**Pollution control facilities (section 169).** You can elect to amortize the cost of a certified pollution control facility over a 60-month period (84 months for certain atmospheric pollution control facilities placed in service after April 11, 2005). See section 169 and the related regulations for details and information required in making the election.

**Caution:** You can deduct a special depreciation allowance on a certified pollution control facility that is qualified property. However, you must reduce the amount on which you figure your amortization deduction by any special depreciation allowance allowed or allowable, whichever is greater.

Also, a corporation must reduce its amortizable basis of a pollution control facility by 20% before figuring the amortization deduction.

**Bond premium (section 171).** For individuals reporting amortization of bond premium for taxable bonds acquired before October 23, 1986, do not report the deduction here. See the instructions for Schedule A (Form 1040), line 16.

For taxpayers (other than corporations) claiming a deduction for amortization of bond premium for taxable bonds acquired after October 22, 1986, but before January 1, 1988, the deduction is treated as interest expense and is subject to the investment interest limitations. Use Form 4952, Investment Interest Expense Deduction, to compute the allowable deduction.

For taxable bonds acquired after 1987, you can elect to amortize the bond premium over the life of the bond. In general, you amortize bond premium on a bond by offsetting the stated interest allocable to a tax year with the bond premium allocable to that tax year and report the net amount of stated interest on your return. See section 171 and

Regulations sections 1.171-1 through 1.171-5 for more information. Individuals, also see Pub. 550, Investment Income and Expenses. A bond premium carryforward as of the end of a taxpayer's final accrual period is treated as a deduction. See Regulations section 1.171-2(a)(4)(i)(C). For an individual, do not report the deduction here. See the instructions for Schedule A (Form 1040), line 16.

**Research and experimental expenditures (section 174 and 174A).** You can deduct your domestic research or experimental expenditures as current business expenses, elect to capitalize and amortize your domestic research or experimental expenditures in equal amounts over a period of 60 months or more (beginning with the month in which you first realize benefits from the expenditures), or elect to amortize your research or experimental expenditures over a 10-year period. This includes any domestic amounts paid or incurred in connection with the development of software.

You must capitalize and amortize research experimental expenditures attributable to foreign research conducted outside the United States, Puerto Rico, or any territory of the United States paid or incurred during the tax year ratably over a 15-year period beginning with the mid-point of the tax year in which the expenditures were paid or incurred. This includes any foreign amounts paid or incurred in connection with the development of software.

For more information, see sections 174 and 174A, Notice 2023-63, 2023-39 I.R.B. 919, available at [IRS.gov/irb/2023-39\\_IRB#NOT-2023-63](https://www.irs.gov/irb/2023-39_IRB#NOT-2023-63), as modified by Notice 2024-12, 2024-5 I.R.B. 616, available at [IRS.gov/irb/2024-05\\_IRB#NOT-2024-12](https://www.irs.gov/irb/2024-05_IRB#NOT-2024-12), and Revenue Procedure 2025-28, 2025-38 I.R.B. 393, available at [IRS.gov/irb/2025-38\\_IRB#REV-PROC-2025-28](https://www.irs.gov/irb/2025-38_IRB#REV-PROC-2025-28).

**The cost of acquiring a lease (section 178).** If you get a lease for business property, you may recover the cost of acquiring the lease by amortizing it over the term of the lease. The term of the lease for amortization purposes generally includes all renewal options (and any other period for which you and the lessor reasonably expect the lease to be renewed). However, renewal periods aren't included if 75% or more of the cost of acquiring the lease is for the term of the lease remaining on the acquisition date (not including any period for which you may choose to renew, extend, or continue the lease). See section 178.

**Qualified forestation and reforestation costs (section 194).** You can elect to deduct a limited amount of qualifying reforestation costs paid or incurred during the tax year for each qualified timber property. You can elect to amortize the qualifying costs that are not deducted currently over an 84-month period. There is no limit on the amount of your amortization deduction for reforestation costs paid or incurred during the tax year.

If you are otherwise required to file Form T (Timber), Forest Activities Schedule, you can make the election to amortize qualifying reforestation costs by completing Part IV of the form. See the Instructions for Form T (Timber) for more information.

See section 194. Partnerships and S corporations, also see the instructions for line 44.

**Optional write-off of certain tax preferences over the period specified in section 59(e).** You can elect to amortize certain tax preference items over an optional period. If you make this election, there is no AMT adjustment for these expenditures. The applicable expenditures and the optional recovery periods are as follows.

- Circulation expenditures (section 173)—3 years.

- Intangible drilling and development costs (section 263(c))—60 months.
- Mining exploration and development costs (sections 616(a) and 617(a))—10 years.
- Research or experimental expenditures paid or incurred in tax years beginning before January 1, 2022 (section 174(a) prior to amendment by section 13206(a) of P.L. 115-97) and tax years beginning after December 31, 2024 (section 174A(a))—10 years. Amortization for these costs should be reported on line 43.

See section 59(e). For information on making the election, see Regulations section 1.59-1.

**Certain section 197 intangibles.** The following intangibles must be amortized over 15 years (180 months) starting with the later of (a) the month the intangibles were acquired, or (b) the month the trade or business or activity engaged in for the production of income begins.

- Goodwill.
- Going concern value.
- Workforce in place.
- Business books and records, operating systems, or any other information base.
- A patent, copyright, formula, process, design, pattern, know-how, format, or similar item.
- A customer-based intangible (for example, composition of market or market share).
- A supplier-based intangible.
- A license, permit, or other right granted by a governmental unit.
- A covenant not to compete entered into in connection with the acquisition of a business.
- A franchise, trademark, or trade name (including renewals).

A longer period may apply to section 197 intangibles leased under a lease agreement entered into after March 12, 2004, to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership). See section 197(f)(10).

**Caution:** A section 197 intangible is treated as depreciable property used in your trade or business. When you dispose of a section 197 intangible, any gain on the disposition, up to the amount of allowable amortization, is recaptured as ordinary income. If multiple section 197 intangibles are disposed of in a single transaction or a series of related transactions, calculate the recapture as if all of the section 197 intangibles were a single asset. This rule does not apply to section 197 intangibles disposed of for which the adjusted basis exceeds the fair market value.

See section 197.

**Startup and organizational costs.** You can elect to amortize the following costs for setting up your business.

- Business startup costs (section 195).
- Organizational costs for a corporation (section 248).
- Organizational costs for a partnership (section 709).

For business startup and organizational costs paid or incurred after September 8, 2008, you can elect to deduct a limited amount of startup or organizational costs for the year that your business begins. You are not required to attach a statement to make this election. Once made, the election is irrevocable. Any cost not deducted currently must be amortized ratably over a 180-month period. The amortization period starts with the month you begin business operations. See Regulations sections 1.195-1, 1.248-1, and 1.709-1.

For business startup and organizational costs paid or incurred after October 22, 2004, and before September 9, 2008, you can elect to deduct a limited amount of startup and organizational costs for the year that your business begins. If the election is made, you must attach any statement required by Regulations sections 1.195-1(b), 1.248-1(c), and 1.709-1(c), as in effect before September 9, 2008. Any costs not deducted currently can be amortized ratably over a 180-month period, beginning with the month you begin business.

**Note:** You can apply the provisions of Regulations sections 1.195-1, 1.248-1, and 1.709-1 to all expenses paid or incurred after October 22, 2004, provided the period of limitations on assessment has not expired for the year of the election. Otherwise, for business startup and organizational costs paid or incurred after October 22, 2004, and before September 9, 2008, the provisions under Regulations sections 1.195-1(b), 1.248-1(c), and 1.709-1(c), as in effect before September 9, 2008, will apply.

For business startup and organizational costs paid or incurred before October 23, 2004, you can elect an amortization period of 60 months or more.

Attach any statements required by the appropriate section and related regulations to Form 4562 by the due date, including extensions, of your return for the year in which the active trade or business begins. If you have both startup and organizational costs, attach a separate statement for each type of cost. If you timely filed your return without making the election, you can still make the election on an amended return filed within 6 months of the due date, excluding extensions, of the return. Enter "Filed pursuant to section 301.9100-2" on the amended return.

**Creative property costs.** These are costs paid or incurred to acquire and develop screenplays, scripts, story outlines, motion picture production rights to books and plays, and other similar properties for purposes of potential future film development, production, and exploitation. You may be able to amortize creative property costs for properties not set for production within 3 years of the first capitalized transaction. These costs are amortized ratably over a 15-year period under the rules of Revenue Procedure 2004-36, 2004-24 I.R.B. 1063, available at [IRS.gov/irb/2004-24\\_IRB#RP-2004-36](https://www.irs.gov/irb/2004-24_IRB#RP-2004-36).

**Column (b)—Date amortization begins.** Enter the date the amortization period begins under the applicable Code section. The amortizable amount of a pollution control facility is reduced by any special depreciation allowance included on line 14 for that facility.

**Column (c)—Amortizable amount.** Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.

**Column (d)—Code section.** Enter the Code section under which you amortize the costs. For examples, see the Code sections referenced in the instructions for line 42, column (a), earlier.

**Column (f)—Amortization for this year.** Compute the amortization deduction by:

1. Dividing the amount in column (c) by the number of months over which the costs are to be amortized and multiplying the result by the number of months in the amortization period included in your tax year beginning in 2025, or

2. Multiplying the amount in column (c) by the percentage in column (e).

### Line 43

If you are reporting the amortization of costs (other than research or experimental expenditures) that began before your 2025 tax year and you are not required to file Form 4562 for any other reason, do not file Form 4562. Report the amortization directly on the "Other Deductions" or "Other Expenses" line of your return.

**Note:** The amortization deduction and research or experimental expenditures under former section 174(b) (for amounts paid or incurred in tax years beginning before January 1, 2022) or the dollar amount of research or experimental expenditures for which you elected to amortize over the 10-year period under section 59(e) must be reported on line 43 of Form 4562.

Attach a statement that shows (a) a description of the costs; (b) the date amortization began; (c) the amortizable amount; (d) the applicable Code section; (e) the amortization period; (f) the accumulated amortization; and (g) the amortization amount for this year.

Under section 7.02(2)(f) of Revenue Procedure 2025-28, you may elect to amortize the full amount of the remaining unamortized amount of the amortization deduction of domestic research or experimental expenditures paid or incurred in tax years beginning after December 31, 2021, and before January 1, 2025 (section 174) in the first tax year beginning after December 31, 2024, or amortize this amount ratably over the 2-tax year period beginning after the first tax

year beginning after December 31, 2024. To make the election, attach a statement identifying the dollar amount of the remaining unamortized domestic research or experimental expenditures you are electing to amortize per year and report this amount on line 43. If you are electing to accelerate the method of amortization for treatment of domestic research or experimental expenditures paid or incurred in tax years beginning after December 31, 2021, and before January 1, 2025, also include the information required for the "Statement in lieu of a Form 3115" under section 7.02(5)(a)(ii) or 7.02(5)(b)(iii) of Revenue Procedure 2025-28. See Revenue Procedure 2025-28 for more details.

For the amortization deduction of foreign research or experimental expenditures under section 174, attach a statement providing the amount of research or experimental expenditures for which you are amortizing over the 15-year period and report this amount on line 43.

### Line 44

Report the total amortization, including amortization for research and experimental expenditures paid or incurred in 2025 and prior years and the allowable portion of forestation or reforestation amortization, on the applicable "Other Deductions" or "Other Expenses" line of your return. For partnerships and S corporations, report the amortizable basis of any forestation or reforestation expenses for which amortization is elected and the year in which the amortization begins as a separately stated item on Schedules K and K-1 (Form 1065 or 1120-S). See the instructions for Schedule K (Form 1065 or 1120-S) for more details on how to report.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

<b>Recordkeeping</b> . . . . .	27 hr., 44 min.
<b>Learning about the law or the form</b> . . . . .	4 hr., 16 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	4 hr., 55 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



**Table A—General Depreciation System****Method:** 200% declining balance switching to straight line**Convention:** Half-year

Year	If the recovery period is:			
	3 years	5 years	7 years	10 years
1	33.33%	20.00%	14.29%	10.00%
2	44.45%	32.00%	24.49%	18.00%
3	14.81%	19.20%	17.49%	14.40%
4	7.41%	11.52%	12.49%	11.52%
5		11.52%	8.93%	9.22%
6		5.76%	8.92%	7.37%
7			8.93%	6.55%
8			4.46%	6.55%
9				6.56%
10				6.55%
11				3.28%

**Table B—General Depreciation System****Method:** 150% declining balance switching to straight line**Convention:** Half-year

Year	If the recovery period is:					
	5 years	7 years	10 years	12 years	15 years	20 years
1	15.00%	10.71%	7.50%	6.25%	5.00%	3.750%
2	25.50%	19.13%	13.88%	11.72%	9.50%	7.219%
3	17.85%	15.03%	11.79%	10.25%	8.55%	6.677%
4	16.66%	12.25%	10.02%	8.97%	7.70%	6.177%
5	16.66%	12.25%	8.74%	7.85%	6.93%	5.713%
6	8.33%	12.25%	8.74%	7.33%	6.23%	5.285%
7		12.25%	8.74%	7.33%	5.90%	4.888%
8		6.13%	8.74%	7.33%	5.90%	4.522%
9			8.74%	7.33%	5.91%	4.462%
10			8.74%	7.33%	5.90%	4.461%
11			4.37%	7.32%	5.91%	4.462%
12				7.33%	5.90%	4.461%
13				3.66%	5.91%	4.462%
14					5.90%	4.461%
15					5.91%	4.462%
16					2.95%	4.461%
17						4.462%
18						4.461%
19						4.462%
20						4.461%
21						2.231%

**Table C—General Depreciation System****Method:** Straight line**Convention:** Mid-month**Recovery period:** 27.5 years

The month in the 1st recovery year the property is placed in service:												
Year	1	2	3	4	5	6	7	8	9	10	11	12
1	3.485%	3.182%	2.879%	2.576%	2.273%	1.970%	1.667%	1.364%	1.061%	0.758%	0.455%	0.152%
2–9	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%
10,12,14,16,18,20, 22, 24, 26	3.637%	3.637%	3.637%	3.637%	3.637%	3.637%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%
11,13,15,17,19, 21, 23, 25, 27	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%	3.637%	3.637%	3.637%	3.637%	3.637%	3.637%
28	1.97%	2.273%	2.576%	2.879%	3.182%	3.485%	3.636%	3.636%	3.636%	3.636%	3.636%	3.636%

**Table D—General Depreciation System****Method:** Straight line**Convention:** Mid-month**Recovery period:** 31.5 years

The month in the 1st recovery year the property is placed in service:												
Year	1	2	3	4	5	6	7	8	9	10	11	12
13,15,17,19,21, 23, 25, 27, 29, 31	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%
14,16,18,20,22, 24, 26, 28, 30	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%
32	1.720%	1.984%	2.249%	2.513%	2.778%	3.042%	3.175%	3.174%	3.175%	3.174%	3.175%	3.174%

**Table E—General Depreciation System****Method:** Straight line**Convention:** Mid-month**Recovery period:** 39 years

The month in the 1st recovery year the property is placed in service:												
Year	1	2	3	4	5	6	7	8	9	10	11	12
1	2.461%	2.247%	2.033%	1.819%	1.605%	1.391%	1.177%	0.963%	0.749%	0.535%	0.321%	0.107%
2–39	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%	2.564%
40	0.107%	0.321%	0.535%	0.749%	0.963%	1.177%	1.391%	1.605%	1.819%	2.033%	2.247%	2.461%

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