Part III - Administrative, Procedural, and Miscellaneous

Interim Guidance on Additional First Year Depreciation Deduction under § 168(k)

Notice 2026-11

SECTION 1. OVERVIEW

This notice announces that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue proposed regulations (forthcoming proposed regulations) that would implement the additional first year depreciation deduction under § 168(k) of the Internal Revenue Code (Code)[1], as amended by §§ 70301 and 70434(g) of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), including proposed regulations that would modify § 1.168(k)-2 to include applicable qualified sound recording productions commencing in taxable years ending after July 4, 2025. The Treasury Department and IRS expect the forthcoming proposed regulations to be consistent with the interim guidance provided in sections 3 through 5 of this notice. Section 3 of this notice addresses property eligible for additional first year depreciation

[1]Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

deduction under § 168(k) as amended by the OBBBA. Section 4 of this notice addresses the elections under § 168(k)(5) and (10). Section 5 of this notice addresses the addition of qualified sound recording productions to qualified property under § 168(k)(2) for productions commencing in taxable years ending after July 4, 2025. Section 6 of this notice addresses the expected applicability date of the forthcoming proposed regulations and the ability of taxpayers to rely on the interim guidance provided in this notice for property placed in service in taxable years beginning before the date the forthcoming proposed regulations are published in the *Federal Register*.

SECTION 2. BACKGROUND

.01 Section 168(k) prior to amendment by the OBBBA. Section 168(k)(1), as in effect after amendment by § 13201 of Public Law 115-97, 131 Stat. 2054 (Dec. 22, 2017), commonly known as the Tax Cuts and Jobs Act (TCJA) (TCJA § 168(k)), allows an additional first year depreciation deduction, based on the applicable percentage under TCJA § 168(k)(6) for qualified property acquired after September 27, 2017, and placed in service before January 1, 2027 (January 1, 2028, for certain property having longer production periods and certain aircraft), and for specified plants planted or grafted after September 27, 2017, and before January 1, 2027, for which a section 168(k)(5) election is made. The applicable percentage under TCJA § 168(k)(6) was 100 percent for qualified property placed in service, or specified plants planted or grafted, after September 27, 2017, and before January 1, 2023, and has phased down by 20 percentage points annually beginning with qualified property acquired after September 27, 2017, and placed in service after December 31, 2022 (December 31, 2023, for certain property having longer production periods or certain aircraft), and

specified plants planted or grafted after December 31, 2022. Pursuant to TCJA § 168(k)(6), the applicable percentage is (i) 40 percent for qualified property placed in service during 2025 (60 percent for certain property having longer production periods or certain aircraft) and (ii) 40 percent for specified plants planted or grafted during 2025.

.02 Amendments made by the OBBBA.

(1) Amendments to § 168(k) by § 70301 of the OBBBA. Section 70301 of the OBBBA (OBBBA § 70301) made several amendments to § 168(k) to provide taxpayers with a permanent 100 percent additional first year depreciation deduction for qualified property acquired and placed in service, and specified plants planted or grafted, after January 19, 2025. Specifically, OBBBA § 70301: (i) removed the general requirement that qualified property must be placed in service, and specified plants must be planted or grafted, before January 1, 2027, (ii) removed the requirement that certain property having longer production periods or certain aircraft must be placed in service before January 1, 2028, and acquired before January 1, 2027, (iii) removed the provision specifying that the requirement that certain property having longer production periods and certain aircraft be acquired before January 1, 2027 is treated as met if the taxpayer begins manufacturing, constructing, or producing self-constructed property before January 1, 2027, and (iv) replaced the annual phasedown of the applicable percentage for the § 168(k) additional first year depreciation deduction with a permanent 100 percent additional first year depreciation deduction for qualified property acquired, or specified plants planted or grafted, after January 19, 2025. Additionally, OBBBA § 70301 amended § 168(k)(10) to allow taxpayers to elect to deduct 40 percent (60 percent for certain property having longer production periods or certain aircraft),

instead of 100 percent, additional first year depreciation for qualified property placed in service, or specified plants planted or grafted, during the first taxable year ending after January 19, 2025.

OBBBA § 70301(c) provides that, except as otherwise provided in that subsection, the amendments made by OBBBA § 70301 apply to property acquired, or specified plants planted or grafted, after January 19, 2025. OBBBA § 70301(c)(4) contains language similar to § 13201(h)(1) of the TCJA, stating that for purposes of the effective date in OBBBA § 70301(c)(1), property is not treated as acquired after the date a written binding contract is entered into for such acquisition.

(2) Amendments to §§ 181 and 168(k) made by § 70434 of the OBBBA.

(a) Amendments to § 181(a) made by § 70434 of the OBBBA. Section 181, as in effect prior to amendment by § 70434 of the OBBBA (OBBBA § 70434), allows taxpayers to elect to deduct up to $15 million of the aggregate production costs of any qualified film, television or live theatrical production commencing before January 1, 2026, but did not allow a deduction for sound recording productions. OBBBA § 70434(a) and (b) amended § 181(a) and (g) (redesignated as § 181(h)) to allow taxpayers to deduct the cost of any qualified sound recording production, subject to a cap on the aggregate cost of any qualified sound recording production, or on the aggregate, cumulative cost of all such qualified sound recording productions in the taxable year, of $150,000, for productions commencing before January 1, 2026, in taxable years ending after July 4, 2025. Following the amendments by OBBBA § 70434(e), § 181(f) defines “qualified sound recording production” as a sound recording, as defined in 17 U.S.C. 101, produced and recorded in the United States.

(b) OBBBA § 70434(g) amendments to § 168(k). OBBBA § 70434(g) amended § 168(k) by expanding the definition of qualified property in § 168(k)(2) to include qualified sound recording productions for which a deduction would have been allowable under § 181, without regard to § 181(a)(2) and (h) (respectively, the limitation on deductible aggregate production costs and the termination date for § 181) or § 168(k). OBBBA § 70434(g)(2) amended § 168(k)(2)(H) to provide that a qualified sound recording production is considered placed in service at the time of the initial release or broadcast.

(c) Effective date of OBBBA § 70434 amendments. OBBBA § 70434(i) provides that the amendments to § 168(k) and § 181 made by OBBBA § 70434 apply to sound recording productions commencing in taxable years ending after July 4, 2025, the date of enactment of the OBBBA.

.03 Existing regulations under § 168(k).

(1) In general. Section 1.168(k)-2, published in the *Federal Register* as T.D. 9874 (84 FR 50108) on September 24, 2019, and amended by T.D. 9916 (85 FR 71734) on November 10, 2020, provides rules for determining whether certain depreciable property is qualified property eligible for the additional first year depreciation deduction under TCJA § 168(k). Section 1.168(k)-2(h)(1) provides that, in general, the rules in § 1.168(k)-2 apply to (i) depreciable property acquired after September 27, 2017, and placed in service during or after the taxpayer's taxable year that begins on or after January 1, 2021, (ii) specified plants planted, or grafted to a plant that was previously planted, during or after the taxpayer's taxable year that begins on or after January 1, 2021, for which an election under § 168(k)(5) was made, and (iii) components of eligible

larger self-constructed property that are acquired or self-constructed after September 27, 2017, and placed in service by the taxpayer during or after the taxpayer's taxable year that begins on or after January 1, 2021. Section 1.1502-68 provides rules governing the availability of the additional first year depreciation deduction allowable under TCJA § 168(k) for depreciable property acquired and placed in service after September 27, 2017, by a member of a consolidated group. Except as otherwise provided in § 1.1502-68(c), the rules in § 1.168(k)-2 apply to depreciable property acquired by members of a consolidated group in addition to the rules in § 1.1502-68.

(2) Section 1.168(k)-2(b)(5) acquisition date requirement.

(a) In general. Section 1.168(k)-2(b)(5) provides rules for the acquisition date requirement in § 13201(h) of the TCJA, which provides that the amendments made by § 13201 of the TCJA apply to property which is acquired, or planted or grafted, after September 27, 2017, and is placed in service after such date. Under § 13201(h) of the TCJA, property is not treated as acquired after the date on which a written binding contract is entered into for such acquisition. Section 1.168(k)-2(b)(5) states that these rules apply to all depreciable property, including self-constructed property, certain property having longer production periods, and certain aircraft.

Pursuant to § 1.168(k)-2(b)(5)(ii)(A), except for qualified film, television, or live theater productions, depreciable property will meet the acquisition date requirement if the property is acquired by the taxpayer after September 27, 2017, or is acquired by the taxpayer pursuant to a written binding contract entered into by the taxpayer after September 27, 2017.

(b) Written binding contracts. Section 1.168(k)-2(b)(5)(ii)(B) provides that the

acquisition date of property that the taxpayer acquired pursuant to a written binding contract is the later of: (i) the date the contract was entered into; (ii) the date the contract is enforceable under State law; (iii) if the contract has one or more cancellation periods, the date all cancellation periods end; or (iv) if the contract has one or more contingency clauses, the date all conditions subject to such clauses are satisfied.

Section 1.168(k)-2(b)(5)(iii) defines a written binding contract for purposes of § 1.168(k)-2(b)(5) as a contract enforceable under State law against the taxpayer or a predecessor that does not limit damages to a specified amount (for example, by use of a liquidated damages provision). Additionally, property that is manufactured, constructed, or produced for the taxpayer by another person pursuant to a written binding contract that is entered into prior to the manufacture, construction or production of the property for use by the taxpayer in its trade or business or for its production of income is considered to be self-constructed property subject to the written binding contract rules provided in § 1.168(k)-2(b)(5)(iv).

(c) Self-constructed property. Section 1.168(k)-2(b)(5)(iv) provides rules to determine the acquisition date for self-constructed property for purposes of § 1.168(k)-2(b)(5). In general, self-constructed property meets the acquisition date requirement in § 1.168(k)-2(b)(5)(ii) if the taxpayer (or third party) begins manufacture, construction, or production after September 27, 2017.

Section 1.168(k)-2(b)(5)(iv)(B) provides that manufacture, construction, or production of property begins when physical work of a significant nature begins. The determination of when physical work of a significant nature begins depends on the facts and circumstances. Section 1.168(k)-2(b)(5)(iv)(B)(2) provides a safe harbor allowing

physical work of a significant nature to begin at the time the taxpayer incurs (in the case of an accrual basis taxpayer) or pays (in the case of a cash basis taxpayer) more than 10 percent of the total cost of the property, excluding the cost of any land and preliminary activities such as planning or designing, securing financing, exploring, or researching.

(d) Property acquired pursuant to a non-binding contract. Section 1.168(k)-2(b)(5)(v) provides the rules for determining the acquisition date for property acquired pursuant to a non-binding contract. In general, the acquisition date for property acquired pursuant to a non-binding contract (and property constructed for the taxpayer by another person under a non-binding contract) is the date the taxpayer paid or incurred more than 10 percent of the total cost of the property, excluding the cost of any land and preliminary activities.

(e) Acquisition date requirement for qualified film, television, or live theatrical productions. Section 1.168(k)-2(b)(5)(vi) provides that, for purposes of § 13201(h) of the TCJA: (i) a qualified film or television production is treated as acquired on the date principal photography commences, and (ii) a qualified live theatrical production is treated as acquired on the date when all the necessary elements for producing the live theatrical production are secured.

(f) Specified plants. Section 1.168(k)-2(b)(5)(vii) provides that a specified plant meets the acquisition date requirement of § 1.168(k)-2(b)(5)(ii) if it is planted or grafted after September 27, 2017, by the taxpayer in the ordinary course of the taxpayer's farming business (as defined in § 263A(e)(4)).

(3) Component election. Section 1.168(k)-2(c)(1) allows a taxpayer to make an

election to treat any acquired or self-constructed component, as described in § 1.168(k)-2(c)(3), of larger self-constructed property, as described in § 1.168(k)-2(c)(2), for which the taxpayer begins the manufacture, construction, or production before September 28, 2017, as being eligible for the additional first year depreciation deduction, if the component is qualified property under § 168(k)(2) and § 1.168(k)-2, and the taxpayer either acquires or begins the manufacture, construction, or production of the component after September 27, 2017. The rules and procedures for making the component election are set forth in § 1.168(k)-2(c)(6) and provide that the taxpayer must attach a statement to the timely filed return (including extensions) for the taxable year in which the taxpayer placed in service the larger self-constructed property indicating: (i) that the taxpayer is making the election in § 1.168(k)-2(c), and (ii) whether the taxpayer is making the election for all or some of the components described in § 1.168(k)-2(c)(3).

.04 Section 168(k)(5) election.

(1) TCJA § 168(k)(5). TCJA § 168(k)(5)(A) allows a taxpayer to make an election to deduct additional first year depreciation for one or more specified plants planted by January 1, 2027, or grafted before such date to a plant that has already been planted by the taxpayer in the ordinary course of the taxpayer's farming business (as defined in § 263A(e)(4) (TCJA § 168(k)(5) election). If a taxpayer makes the TCJA § 168(k)(5) election, the additional first year depreciation deduction is allowable for the specified plant in the taxable year in which that plant was planted or grafted, subject to the applicable percentage phase down requirements in TCJA§ 168(k)(6)(C). The rules and procedures for making the TCJA § 168(k)(5) election are set forth in § 1.168(k)-2(f)(2) and provide that the taxpayer makes the election in the manner prescribed on Form

4562, “Depreciation and Amortization,” and its instructions. The instructions to the current Form 4562 provide generally that a taxpayer makes the election by attaching a statement to the timely filed Federal tax return (including extensions) for the taxable year the taxpayer planted or grafted the specified plant to which the election applies indicating the taxpayer is electing to apply TCJA § 168(k)(5) and identifying the specified plant(s) for which the taxpayer is making the election.

(2) OBBBA § 70301 amendments to § 168(k)(5). For specified plants planted or grafted after January 19, 2025, OBBBA § 70301(a)(4) and (b) removed the applicable percentage phase down in § 168(k)(6) and amended § 168(k)(5) by (i) eliminating the date by which a specified plant must be planted or grafted by the taxpayer under § 168(k)(5)(A), and (ii) adding a permanent 100 percent additional first year depreciation deduction for specified plants for which the taxpayer makes a § 168(k)(5) election for the taxable year.

.05 Section 168(k)(7) election. Section 168(k)(7) (which the OBBBA does not amend) allows a taxpayer to make an election not to deduct additional first year depreciation for any class of property (a term defined in § 1.168(k)-2(f)(1)(ii)) that is qualified property placed in service during the taxable year. The rules and procedures for making the election not to deduct additional first year depreciation are set forth in § 1.168(k)-2(f)(1) and provide that the taxpayer makes the election in the manner prescribed on Form 4562, “Depreciation and Amortization,” and its instructions. The instructions to the current Form 4562 generally provide that the taxpayer makes the election by attaching a statement to its timely filed Federal tax return (including extensions) for the taxable year in which the property at issue is placed in service

indicating the class of property for which the taxpayer is making the election and that, for such class, the taxpayer is not claiming the additional first year depreciation.

.06 Section 168(k)(10) election.

(1) TCJA § 168(k)(10). TCJA § 168(k)(10) allowed taxpayers to elect to deduct 50 percent, instead of 100 percent, additional first year depreciation for (i) all qualified property acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer in its taxable year that includes September 28, 2017, and (ii) all specified plants that are planted, or grafted to a plant that has already been planted, after September 27, 2017, by the taxpayer in the ordinary course of the of the taxpayer's farming business during its taxable year that includes September 28, 2017 (TCJA § 168(k)(10) election). The rules and procedures for making the TCJA § 168(k)(10) election are set forth in § 1.168(k)-2(f)(3), which provides that the taxpayer makes the election in the manner prescribed on the 2017 Form 4562, "Depreciation and Amortization," and its instructions. Those instructions provide that the taxpayer makes the election by attaching a statement to the timely filed Federal tax return (including extensions) for the taxable year that includes September 28, 2017, indicating the taxpayer is electing to apply TCJA § 168(k)(10).

(2) OBBBA § 70301 amendments to § 168(k)(10). OBBBA § 70301(b)(3) amended § 168(k)(10) to allow taxpayers to elect to deduct 40 percent (60 percent for certain property having longer production periods or certain aircraft), instead of 100 percent, for qualified property placed in service or plants planted or grafted, as applicable, by the taxpayer during its first taxable ending after January 19, 2025.

SECTION 3. INTERIM GUIDANCE

.01 Purpose. This section 3 provides interim guidance for determining whether depreciable property is qualified property eligible for the additional first year depreciation deduction under § 168(k), as amended by the OBBBA, and for determining the additional first year depreciation deduction allowable under § 168(k), as amended by the OBBBA. The Treasury Department and IRS intend to issue forthcoming proposed regulations consistent with the interim guidance provided in this section 3.

.02 In general. Except as otherwise provided in this notice, to determine whether depreciable property is qualified property eligible for the § 168(k) additional first year depreciation deduction for property acquired, or specified plants planted or grafted, after January 19, 2025, and to determine the associated § 168(k) additional first year depreciation deduction, a taxpayer applies rules consistent with the rules contained in §§ 1.168(k)-2 and 1.1502-68, with the substitutions and modifications described in this notice.

.03 Acquisition date requirement in OBBBA § 70301(c). In determining whether depreciable property is acquired after January 19, 2025, for purposes of OBBBA § 70301(c), taxpayers apply rules consistent with § 1.168(k)-2(b)(5) and 1.1502-68(a) through (d), by substituting “January 19, 2025” for “September 27, 2017” each place it appears, and by substituting “January 20, 2025” for “September 28, 2017” each place it appears.

.04 Property described in § 168(k)(2)(B) or (C). Because OBBBA § 70301(a)(2)(A) removed the requirement under TCJA § 168(k)(2)(B)(i)(III) and (C)(i) that certain long production period property must be acquired by the taxpayer (or acquired pursuant to a written binding contract entered into) before January 1, 2027, in order to be qualified

property, § 1.168(k)-2(d) (providing rules for determining if such qualified property is acquired before January 1, 2027) does not apply in determining whether such property is qualified property under § 168(k), as amended by the OBBBA.

.05 Certain components of larger self-constructed property.

(1) In general. A taxpayer may make an election under rules consistent with § 1.168(k)-2(c), by substituting "January 19, 2025" and "January 20, 2025" for "September 27, 2017" and "September 28, 2017", respectively, to treat an eligible component of an eligible larger self-constructed property as eligible for the additional first year depreciation deduction under § 168(k), as amended by the OBBBA (component election). The eligible component must satisfy all the requirements set forth in § 1.168(k)-2(c).

(2) Making the component election. A taxpayer makes the component election provided in section 3.05(1) of this notice by following rules and procedures consistent with those described in § 1.168(k)-2(c)(6).

.06 Placed in service date requirement. Because OBBBA § 70301(a) removed the § 168(k)(2)(A)(iii), (B)(i)(II), (C)(i) and (k)(5)(A) requirements that qualified property must be placed in service before January 1, 2027 (January 1, 2028, for certain property having longer production periods and certain aircraft), and a specified plant must be planted, or grafted to a plant that has already been planted, before January 1, 2027, § 1.168(k)-2(b)(4) (relating to placed-in-service dates) does not apply for purposes of determining whether depreciable property acquired, or plants planted or grafted (for which the taxpayer made the § 168(k)(5) election), after January 19, 2025, is qualified property under § 168(k).

.07 Applicable percentage. In applying § 168(k) to qualified property acquired, and specified plants planted or grafted (for which the taxpayer made the § 168(k)(5) election), after January 19, 2025, substitute “100 percent” for “the applicable percentage” each place it appears in § 1.168(k)-2, except for the examples provided in § 1.168(k)-2(g)(2)(iv).

SECTION 4. SECTION 168(k)(5) AND (10) ELECTIONS

.01 Purpose. This section 4 provides interim guidance for making the elections provided in § 168(k)(5) and (10), for qualified property placed in service or plants planted or grafted, as applicable, after January 19, 2025, the effective date for the amendments to § 168(k) by OBBBA § 70301. The Treasury Department and IRS intend to issue forthcoming proposed regulations consistent with the interim guidance provided in this section 4.

.02 Section 168(k)(5) election. A taxpayer makes the § 168(k)(5) election by following rules and procedures consistent with the rules and procedures in § 1.168(k)-2(f)(2).

.03 Section 168(k)(10) election. A taxpayer makes the § 168(k)(10) election by following rules and procedures consistent with the rules and procedures in § 1.168(k)-2(f)(3), with the following modifications: (a) substitute “January 19, 2025” for “September 27, 2017” each place it appears, (b) substitute “January 20, 2025” for “September 28, 2017” each place it appears, (c) substitute “40 percent” (“60 percent” in the case of qualified property described in § 168(k)(2)(B) or (C)) for “50 percent” each place it appears, and (d) substitute “applicable Form 4562, *Depreciation and Amortization*,” for “2017 Form 4562, “Depreciation and Amortization,”.”

SECTION 5. QUALIFIED SOUND RECORDING PRODUCTIONS

.01 Purpose. This section 5 provides interim guidance relating to certain treatment of qualified sound recording productions under § 168(k) following the amendments made by OBBBA § 70434. The Treasury Department and IRS intend to issue forthcoming proposed regulations consistent with the interim guidance provided in this section 5.

.02 Qualified sound recording productions as qualified property.

(1) Qualified sound recording production acquired before January 20, 2025. In applying § 168(k) to a qualified sound recording production acquired before January 20, 2025, and in a taxable year ending after July 4, 2025, a taxpayer applies § 1.168(k)-2 by adding to the list of qualified property described in § 1.168(k)-2(b)(2)(i) "a qualified sound recording production (as defined in § 181(f)) for which a deduction would have been allowable under § 181 without regard to § 181(a)(2) or (h) or § 168(k))."

(2) Qualified sound recording productions acquired after January 19, 2025. A qualified sound recording production described in § 168(k)(2)(A)(i)(VI), commencing in a taxable year ending after July 4, 2025, and acquired, as determined under section 5.03(1) of this notice, after January 19, 2025, is qualified property eligible for the additional first year depreciation deduction under § 168(k), as amended by the OBBBA.

.03 Acquisition date requirement and placed in service date for qualified sound recordings.

(1) Acquisition date requirement in OBBBA § 70301(c). In determining when a qualified sound recording production is acquired for purposes of the effective date rules in OBBBA § 70301(c), a qualified sound recording production is treated as acquired on

the date that principal recording commences.

(2) Placed in service date. For purposes of determining the additional first year depreciation deduction for a qualified sound recording production under § 168(k), a qualified sound recording production is considered placed in service at the time of its initial release or broadcast under § 168(k)(2)(H)(iii).

.04 Election not to deduct additional first year depreciation for a qualified sound recording production. A taxpayer may make an election under § 168(k)(7) not to deduct additional first year depreciation for a qualified sound recording production using rules and procedures consistent with the rules and procedures in § 1.168(k)-2(f)(1), with the modification that the definition of class of property in § 1.168(k)-2(f)(1)(ii) is expanded to include each separate production, defined using rules consistent with § 1.181-3(b), of a qualified sound recording production.

SECTION 6. APPLICABILITY DATE AND RELIANCE

.01 Applicability date. It is anticipated that the forthcoming proposed regulations will propose rules consistent with the rules described in sections 3 through 5 of this notice for property:

(a) that is placed in service in a taxable year beginning on or after the date the final regulations are published in the *Federal Register*, and

(b) that is (i) depreciable property acquired by the taxpayer after January 19, 2025 (or, in the case of a qualified sound recording production, a production commencing in a taxable year ending after July 4, 2025), (ii) specified plants for which taxpayers properly made the § 168(k)(5) election that are planted, or grafted to a plant that was previously planted, after January 19, 2025, and (iii) components acquired or self-constructed after

January 19, 2025, of larger self-constructed property described in § 1.168(k)-2(c)(2), with the substituted dates in section 3.05 of this notice.

.02 Reliance on this notice. A taxpayer may rely on the guidance provided in sections 3 through 5 of this notice for the property described in section 6.01(b) of this notice that is placed in service in a taxable year beginning before the date the forthcoming proposed regulations are published in the *Federal Register*, provided that the taxpayer follows the guidance provided in sections 3 through 5 of this notice in its entirety for all eligible property placed in service in such taxable years, beginning with the first taxable year with respect to which the taxpayer relies on the guidance provided in sections 3 through 5 of this notice.

SECTION 7. PAPERWORK REDUCTION ACT

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collections of information in this notice are in sections 3.02, 3.05, 4.02, and 4.03 of this notice.

The collection in section 3.02 of this notice is an election under § 1.1502-68(c)(4) that a taxpayer may make to not claim the additional first year depreciation deduction for qualified property, and which § 1.1502-68(c)(1) or (2) would otherwise require the taxpayer to claim such deduction when a member of a consolidated group acquires

from another member property eligible for the additional first year depreciation deduction (or stock of a third member holding such property), and the acquirer member (and acquired member, if applicable) then leaves the consolidated group. The corporation makes the election by attaching a statement to its timely filed Federal income tax return (including extensions) for the taxable year that begins after the date on which it leaves the consolidated group. The likely respondents are corporations.

The collection in section 3.02 of this notice also allows a taxpayer to make a § 168(k)(7) election not to deduct additional first year depreciation for a qualified sound recording production under § 168(k)(7). A taxpayer makes the election by following the rules in § 1.168(k)-2(f)(1), which requires that the election be made by the due date, including extensions, of the Federal tax return for the taxable year in which the qualified property is placed in service by the taxpayer in the instructions for Form 4562. The likely respondents are businesses and individuals.

The collection in section 3.05 of this notice is an election that allows a taxpayer to treat one or more components acquired or self-constructed after January 19, 2025, of certain larger self-constructed property as being eligible for the 100 percent additional first year depreciation deduction under § 168(k). See § 1.168(k)-2(c)(6). The election is made by attaching a statement to a Federal income tax return indicating that the taxpayer is making the election under § 1.168(k)-2(c) and whether the election is for all or some of the components. The likely respondents are businesses and individuals.

The collection in section 4.02 of this notice is an election in § 168(k)(5) that allows a taxpayer to deduct additional first year depreciation for one or more specified plants which is planted or grafted after January 19, 2025. A taxpayer makes the election by

following § 1.168(k)-2(f)(2), which requires a statement to be attached to the timely filed Federal tax return (including extensions) for the taxable year the taxpayer planted or grafted the specified plant, and follow the manner of making the election in the instructions for Form 4562, *Depreciation and Amortization (Including Information on Listed Property)*. The likely respondents are businesses and individuals.

The collection in section 4.03 of this notice allows a taxpayer to make a § 168(k)(10) election to deduct 40 percent (60 percent for certain property having longer production periods or certain aircraft), instead of 100 percent, additional first year depreciation for all qualified property acquired by the taxpayer after January 19, 2025, (or, in the case of specified plants, grafted or planted) and placed in service by the taxpayer in its taxable year that includes January 20, 2025. A taxpayer makes the § 168(k)(10) election by following the rules in § 1.168(k)-2(f)(3), which requires a statement attached to the timely filed Federal tax return (including extensions) for the taxable year that includes January 20, 2025, and in the manner provided in the instructions for Form 4562. The likely respondents are businesses and individuals.

This information requested in sections 3.02, 3.05, 4.02, and 4.03 of this notice will be used by the IRS to identify the taxpayer, taxable year, the subject of the election (such as, transaction (section 3.02 of the notice) or components (section 3.05 of the notice), and property subject to the election (such as specified plant(s) (section 4.02 of this notice) or class of property (section 4.03 of this notice).

The burden associated with these information collections will be included within OMB control numbers 1545-0047 for tax-exempt filers, 1545-0074 for individual filers, 1545-0092 for trust and estate filers, and 1545-0123 for business filers in accordance with the

PRA procedures under 5 CFR 1320.10.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 8. DRAFTING AND CONTACT INFORMATION

The principal author of this notice is Christian Lagorio of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this notice, contact Mr. Lagorio at (202) 317-7005 (not a toll-free number).