

Bipartisan Budget Act of 2018
Changes Impacting Content in the 2018 Federal Depreciation Handbook

<i>Item</i>	<i>IRC §</i>	<i>Effective Date</i>	<i>Handbook Pages¹</i>	<i>New Law</i>	<i>Before Law Change</i>
Individual Deductions and Exclusions					
Cancellation of Debt (COD)—Mortgage Debt	108(a)(1)(E)	2017 (or later with written binding agreement)	10-27, 10-29	Individuals can exclude up to \$2 million (\$1 million for MFS) of COD income from qualified principal residence indebtedness that is canceled because of their financial condition or decline in value of the residence. Debt canceled after 12/31/17 qualifies if discharged pursuant to a written binding agreement entered into before 1/1/18.	Exclusion expired on 12/31/16.
Business Property					
Energy-Efficient Commercial Buildings Deduction	179D(h)	Property placed in service in 2017	9-15	A business can deduct, rather than capitalize and depreciate, all or part of the cost of energy efficient commercial building property.	The deduction expired for property placed in service after 2016.
Motorsports Entertainment Complexes	168(i)(15)(D)	Property placed in service in 2017	3-6, 4-12, 4-20, 4-35, 4-38, 4-39	The Act extends the seven-year recovery period for motorsports entertainment complexes to property placed in service during 2017.	The seven-year recovery period expired for such complexes placed in service after 2016.
Qualified Indian Reservation Property	168(j)(9)	Property placed in service in 2017	3-10, 4-55, 6-4, 6-5, 6-11–6-19, 6-35–6-37	The Act extends accelerated cost recovery for qualified Indian reservation property to property placed in service during 2017.	Accelerated cost recovery expired for such property placed in service after 2016.
Race Horses—3-Year Property	168(e)(3)	Property placed in service in 2017	3-7, 3-21, 4-25	A race horse, regardless of age when placed in service, is treated as three-year property.	The three-year recovery period expired for race horses two years old or younger placed in service after 2016.
Special (Bonus) Depreciation—Second Generation Biofuel Plant Property	168(l)(2)(D)	Property placed in service in 2017	3-29, 5-7, 5-47	The Act extends for one year the 50% additional first-year depreciation deduction for qualified property. Note: This provision is separate from bonus depreciation under Section 168(k). Property qualifying under Section 168(k) is not eligible for the Section 168(l) deduction.	The 50% additional first-year depreciation deduction expired for property placed in service after 2016.
Tax Credits					
Alternative Motor Vehicle Credit	30B(b) and (k)	Vehicles purchased in 2017	8-26	The Act extends the credit for vehicles propelled by chemically combining oxygen with hydrogen and creating electricity (“fuel cell motor vehicles”).	Credit expired for vehicles purchased after 2016.
New Energy Efficient Homes Credit	45L(g)	Homes acquired in 2017	9-16	A credit is available to the seller of homes that meet certain energy efficiency standards.	Credit expired on 12/31/16.
Nonbusiness Energy Property Credit	25C(g)	Property placed in service in 2017	9-17	A credit (subject to a \$500 lifetime cap) is available for qualified energy efficiency improvements and expenditures to a taxpayer’s principal residence.	Credit expired on 12/31/16.
¹ References are to the 2018 print edition of the Federal Depreciation Handbook (chapter-page). For the 2018 Checkpoint edition, the content is in the referenced chapter.					

Table continued on the next page

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Tax Credits (Continued)					
Residential Energy Efficient Property	25D	2017–2021	9-17	A credit is allowed for 30% of expenditures for qualified fuel cell property, qualified small wind energy property and qualified geothermal heat pump property, subject to certain limits. The credit percentage decreases to 26% in 2020 and 22% in 2021.	The credit for expenditures for these types of property expired 12/31/16.
Two-Wheeled Plug-In Electric Vehicles Credit	30D(g)	Vehicles acquired in 2017	8-29	The Act extends the credit for electric motorcycles acquired in 2017.	Credit expired on 12/31/16.
Other Business Provisions					
Empowerment Zone Tax Incentives	1391(d)(1)	Tax years beginning in 2017	7-4	The Empowerment Zone designation is available through 12/31/17; therefore, tax incentives for such areas are available in tax years beginning in 2017.	The availability of the Empowerment Zone designation expired 12/31/16.
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