Use vehicles are not treated as passenger automobiles used for personal purposes, unless the use is not substantial. For example, if you use a car both for business and personal use in equal amounts during the year, no additional deduction is allowed for the business use. However, if the business use is more than 50%, a deduction is allowed for the business percentage of the expenses, as long as the car is used for business purposes. If the car is used mainly for personal purposes, no deduction is allowed for the business use.

Depreciation on any vehicle in your business or for the active conduct of a trade or business in which you own more than 50% of the interest in a trade or business, is either:

- Amortization has been increased to $100,000 ($135,000 maximum for vehicles placed in service after 2001). The definition of section 179 property has been expanded to include off-the-shelf computer software to which no copyright is held.
- Depreciation for any vehicle reported on a form other than Schedule C (Form 1040), Profit or Loss From Business, or Schedule C-EZ (Form 1040), Net Profit From Business.
- Any depreciation on a corporate income tax return (other than Form 1120S).
- Amortization of costs that begins during the 2003 tax year.
- However, do not file Form 4562 to report depreciation and information on the use of vehicles if you are an employee deducting job-related vehicle expenses using either the standard mileage rate or actual expenses. Instead, use Form 2106-EZ, Unreimbursed Employee Business Expenses, for this purpose.

Note: 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 on page 3.

Additional Information

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

- Pub. 463, Travel, Entertainment, Gift, and Car Expenses.
- Pub. 535, Business Expenses.
- Pub. 551, Basis of Assets.
- Pub. 846, How To Depreciate Property.

Definitions

Depreciation

Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. However, land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income.

Section 179 Property

Section 179 property is property described in section 1245(a)(3) that you acquired by purchase or for rent (for the active conduct of your trade or business, and is either:

- Tangible property that can be depreciated under the Modified Accelerated Cost Recovery System (MACRS) (see page 4) or
- Off-the-shelf computer software to which the depreciation rules of section 167 apply.

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 mainly to furnish lodging or in connection with the furnishing of lodging (except as provided in section 50(b)(2)).
- 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).
- Air conditioning or heating units.

For more details, see section 179(d) and Pub. 946.

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 on page 9.

Listed Property

Listed property generally includes:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pick-up trucks, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Cellular telephones (or other similar telecommunications equipment).
- Computers or peripheral equipment.

Exception. 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; or...
**3. An ambulance, hearse, or vehicle used for transporting persons or property for hire.**

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 under section 280A(c)(1) for deducting expenses attributable to the business use of a home. However, for any property as described on page 1, the regular business establishment of an employee is his or her employer’s regular business establishment.

**Commuting**

Generally, commuting is 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 temporary 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 for qualified property for which you claim a special depreciation allowance (if the depreciation basis of the qualified property for the AMT is the same as for the regular tax). For details, see Form 4626, Alternative Minimum Tax—Corporations; Form 6251, Alternative Minimum Tax—Individuals; or Schedule I (Form 1041, U.S. Income Tax Return for Estates and Trusts).

**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.

Because Form 4562 does not provide for permanent recordkeeping, you may use the depreciation worksheet on page 12 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**

**Identifying number.** Individuals, enter your social security number. All others, enter your employer identification number (EIN).

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**Part I—Election To Expense Certain Tangible Property Under Section 179**

**Note:** An estate or trust cannot make this election. You may elect to expense part or all of the cost of section 179 property (defined on page 1) 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 allocated to you equal or exceed section 162 (except rents and reimbursed amounts) are more than 15% of the rental income from the property.

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.

You must make the election 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
- An amended return filed no later than the due date of the return for the tax year the property was placed in service.

**Line 1**

For an enterprise zone business or a renewal community business, the maximum section 179 expense deduction of $100,000 is increased by the smaller of:

- $35,000 or
- The cost of section 179 property that is also qualified zone property or qualified renewal property (including such property placed in service by your spouse, even if you are filing a separate return).

For qualified New York Liberty Zone (Liberty Zone) property, the maximum section 179 expense deduction is increased by the smaller of:

- $35,000 or
- The cost of section 179 property that is also qualified Liberty Zone property or qualified renewal property (including such property placed in service by your spouse, even if you are filing a separate return).

If applicable, cross out the preprinted entry on line 1 and enter in the margin the larger amount. For the definitions of enterprise zone business and qualified zone property, see sections 1397c and 1397d. For the definitions of renewal community business and qualified renewal property, see sections 1400G and 1400J(b). For the definition of qualified Liberty Zone property, see section 1400L(b)(2).

**Recapture rule.** If any qualified zone property (or qualified renewal property) placed in service during the current year ceases to be used in an empowerment zone (or a renewal community) by an enterprise zone business (or a renewal community business) in a later year, the benefit of the increased section 179 expense deduction must be reported as “other income” on your return. Similar rules apply to qualified Liberty Zone property that ceases to be used in the Liberty Zone.

**Line 2**

Enter the cost of all section 179 property placed in service during the current year. Include amounts from any listed property placed in service by your spouse, even if you are filing a separate return.

**Line 3**

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

**Line 6**

**Important:** Do not include any listed property on line 6. Enter the elected section...
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, write “Summary” at the top of Part I of the separate Form 4562 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
Enter on line 14 your total special depreciation allowance for all qualified property (other than listed property).

For qualified property (defined below) placed in service after May 5, 2003, an additional 30% special depreciation allowance applies for the first year the property is placed in service. You must have acquired the property after May 5, 2003, if a binding contract to acquire the property existed before May 6, 2003, the property does not qualify. Figure the 50% special allowance by multiplying the depreciable basis (see below) of the property by 50%.

For qualified property (defined below) placed in service during the tax year (for which the 50% special allowance does not apply), an additional 30% special depreciation allowance applies for the first year the property is placed in service. You must have acquired the property after September 10, 2001. If a binding contract to acquire the property existed before September 11, 2001, the property does not qualify. Figure the 30% special allowance by multiplying the depreciable basis of the property by 30%.

To figure the depreciable basis, subtract from the business/investment portion of the cost or other basis of the property the total of the following amounts allocable to the property:

- Section 179 expense deduction.
- Deduction for removal of barriers to the disabled and the elderly.
- Section 168(k)(2) basis adjustment for investment credit property (also on line 5).
- Note: If you elected the property as a trade-in, see Temporary Regulations section 1.168(k)-(1)(f)(5).

If you take the 30% or 50% special allowance, you must reduce the amount on which you figure your regular depreciation or amortization deduction for the property. Also, you will not have any AMT adjustment for the property. For the depreciable basis of the property for the AMT is the same as for the regular tax.

Election out. For qualified property acquired before May 6, 2003, you may elect, for any class of property, not to deduct the 30% special allowance for all such property in such class placed in service during the tax year. For qualified property acquired after May 5, 2003, you may elect, for any class of property, to either (a) deduct the 30% special allowance, instead of the 50% special allowance, for all such property in such class placed in service during the tax year or (b) not to claim any special allowance for all such property in such class placed in service during the tax year. If you elect not to have any special allowance apply, the property may be subject to an AMT adjustment for depreciation.

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: (a) you are electing not to claim the 30% special allowance for qualified property acquired after May 6, 2003; (b) you are electing not to claim the 30% special allowance instead of the 50% special allowance for qualified property acquired after May 5, 2003; or (c) you are electing not to claim any special allowance for qualified property acquired after May 5,
2003. The election must be made separately by each person owning qualified property (for example, by the partnership, by the S corporation, or by the common parent of a consolidated group).

Example, ABC Partnership’s fiscal year began July 1, 2003 and ended June 30, 2004. On July 14, ABC acquired and placed in service new 5-year property. The property is qualified property eligible for the 50% special allowance. If ABC wants to elect the 50% special allowance for all 5-year property placed in service during the year after May 5, 2003, ABC must attach to its timely filed return for the year a statement making the election. If ABC wants to elect out of both the 30% and 50% special allowances for such property, it must attach to its timely filed return for the year a statement making the election.

Note: 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). Write "Filed pursuant to section 301.9100-2 on the amended return."

Once made, the election may not be revoked without IRS consent.

Line 15
Report on this line depreciation for property that you elect, under section 168(f)(1), 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 the Accelerated Cost Recovery System (ACRS)
• The depreciable basis (cost or other basis reduced, if applicable, by salvage value, any section 179 expense deduction, and any 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, and any special depreciation allowance).

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. You cannot use this method to depreciate any amortizable section 197 intangible. See the instructions for line 42 on page 9 for more details on section 197 intangibles.

Note: 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.
• Intangible property, other than section 197 intangibles, including:
• Computer software. Use the straight line method over 36 months. If you elect the section 179 expense deduction or take the 30% or 50% special allowance for computer software, you must reduce the amount on which you figure your regular depreciation deduction by the amount deducted.
• Any right to receive tangible property or services under a contract or granted by a governmental unit.
• 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.

See section 167(f) for more details.

Prior years’ depreciation, plus current year’s depreciation, can never exceed the depreciable basis of the property.

The basis and amounts claimed for depreciation should be part of your permanent books and records. No attachment is necessary.

Part III—MACRS Depreciation
The term “Modified Accelerated Cost Recovery System” (MACRS) includes the General Depreciation System and the Alternative Depreciation System. 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. See section 168(f) for other exceptions. For more details on MACRS, see Pub. 946.

Section A

Line 17
For tangible property placed in service in tax years beginning before 2003 and depreciated under MACRS, enter the deductions for the current year. To figure the deductions, see the instructions for line 19, column (g).

Line 18
To simplify the computation of MACRS depreciation, you may elect to group assets into one or more general asset accounts under section 168(e)(4). The assets in each general asset account are depreciated under MACRS as a single asset.

Each account must include only assets that were placed in service during the same tax year with the same asset class (if any), depreciation method, recovery period, and conversion. 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 generally must be recognized as ordinary income. The non-recaptured 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, and certain asset dispositions. For more details, see Regulations section 1.168(l)-1.

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 election was made and all later tax years.

Section B

Lines 19a Through 19i
Use lines 19a through 19i only for assets placed in service during the tax year beginning in 2003 and depreciated under the General Depreciation System (GDS), except for automobiles and other listed property (which are reported in Part V).

Column (a), Determine which property you acquired and placed in service during the tax year beginning in 2003. Then, sort that property according to its classification (3-year property, 5-year property, etc.) as shown in column (a) of lines 19a through 19i. The classifications for some property are shown below. For property not shown, see Determining the classification on page 5.

3-year property includes:
• Automobiles.
• Light general purpose trucks.
• Typewriters, calculators, copiers, and duplicating equipment.
• Any semi-conductor manufacturing equipment.
• Any computer or peripheral equipment.
• Any section 1245 property used in connection with research and experimentation.
• Certain energy property specified in section 168(e)(3)(iv).
• Appliances, carpets, furniture, etc., used in a rental real estate activity.
• Any qualified Liberty Zone leasehold improvement property.
• 7-year property includes:
• Office furniture and equipment.
• Railroad track.
• Any property that does not have a class life and is not otherwise classified.
• 10-year property includes:
• Vessels, barges, tugs, and similar water transportation equipment.
• Any single purpose agricultural or horticultural structure (see section 168(i)(13)).
Determine the classification as follows. Under this election, in service.

Determining the classification.

- Any tree or vine bearing fruit or nuts. 15-year property includes: 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 fuel facility (whether or not food or other convenience items are sold there).
- 20-year property includes: Farm buildings (other than single purpose agricultural structures).
- Municipal sewers not classified as 25-year property.
- Municipal sewers 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.
- 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. If the property is a building, the 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 section under section 168(e)(4).

There is no separate line to report 50-year property. Therefore, attach a statement showing the same information as required in columns (a) through (g). Include the deduction in the line 22-“Total” and write “Attachment” in the total margin of the form.

Determining the classification. If your 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 depreciation deduction, multiply the cost or other basis of the property by the percentage of business/investment use. From that result, subtract any section 179 expense, 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 qualified day care services, and any special depreciation allowance included on line 14. See section 50(c) to determine the basis adjustment for investment credit property.

**Note:** If you acquired the property through a trade-in, see Notice 2000-4, 2000-1 C.B. 313. You can find Notice 2000-4 on page 313 of Internal Revenue Bulletin 2000-3 at www.irs.gov/pub/irs-irsb/irb00-03.pdf.

**Column (d).** Determine the recovery period from the table below, unless you acquired qualified Indian reservation property.

Qualified Indian reservation property does not include property placed in service to conduct class I, II, or III gaming activities. See Pub. 946 for more information, including the table for qualified Indian reservation property.

**Recovery Period for Most Property**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Recovery period</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-year property</td>
<td>3 yrs.</td>
</tr>
<tr>
<td>5-year property</td>
<td>5 yrs.</td>
</tr>
<tr>
<td>7-year property</td>
<td>7 yrs.</td>
</tr>
<tr>
<td>10-year property</td>
<td>10 yrs.</td>
</tr>
<tr>
<td>15-year property</td>
<td>15 yrs.</td>
</tr>
<tr>
<td>20-year property</td>
<td>20 yrs.</td>
</tr>
<tr>
<td>25-year property</td>
<td>25 yrs.</td>
</tr>
<tr>
<td>Railroad real property</td>
<td>27.5 yrs.</td>
</tr>
<tr>
<td>Railroad gradings and tunnel bores</td>
<td>39 yrs.</td>
</tr>
<tr>
<td>-</td>
<td>50 yrs.</td>
</tr>
</tbody>
</table>

**Column (e).** The applicable convention determines the portion of the tax year for which depreciation is allowable during a year. If your property is either placed in service 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 placed in service during the current tax year. It does not apply to residential rental property, nonresidential real property, and railroad gradings and tunnel bores. It treats all property placed in service during the current tax year. Enter "HY" in column (e).

**Mid-quarter convention.** If the total depreciable bases (before any special deductions) 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 to nonresidential real property (line 19h), nonresidential real property (line 19a), 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).** Applicable depreciation method is the only applicable method for any classification of property as follows.

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. However, the straight line method is the only applicable method for trees and vines bearing fruit or nuts and qualified Liberty Zone leasehold improvement property. For 3-, 5-, 7-, and 10-year property eligible for the 200% declining balance method, you may 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.

- 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.
- 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).** To figure the depreciation deduction you may use optional Tables A through H starting on page 2. Enter 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. If you disposed of the property during the current tax year, 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 and 1.50 for 150 DB) by the

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For more information, see Pub. 946.
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).

Step 2. Multiply the percentage rate determined in Step 1 by the property’s unrecovered basis (or depreciation) reduced by all prior years' depreciation.

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

<table>
<thead>
<tr>
<th>Place in service (or disposed of) during the:</th>
<th>Placed in service</th>
<th>Disposed of</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st month</td>
<td>0.875</td>
<td>0.125</td>
</tr>
<tr>
<td>2nd month</td>
<td>0.625</td>
<td>0.375</td>
</tr>
<tr>
<td>3rd month</td>
<td>0.375</td>
<td>0.625</td>
</tr>
<tr>
<td>4th quarter</td>
<td>0.125</td>
<td>0.875</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Place in service (or disposed of) during the:</th>
<th>Placed in service</th>
<th>Disposed of</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st month</td>
<td>0.9583</td>
<td>0.0417</td>
</tr>
<tr>
<td>2nd month</td>
<td>0.8750</td>
<td>0.1250</td>
</tr>
<tr>
<td>3rd month</td>
<td>0.7917</td>
<td>0.2083</td>
</tr>
<tr>
<td>4th month</td>
<td>0.7083</td>
<td>0.2917</td>
</tr>
<tr>
<td>5th month</td>
<td>0.6250</td>
<td>0.3750</td>
</tr>
<tr>
<td>6th month</td>
<td>0.5417</td>
<td>0.4583</td>
</tr>
<tr>
<td>7th month</td>
<td>0.4583</td>
<td>0.5417</td>
</tr>
<tr>
<td>8th month</td>
<td>0.3750</td>
<td>0.6250</td>
</tr>
<tr>
<td>9th month</td>
<td>0.2917</td>
<td>0.7083</td>
</tr>
<tr>
<td>10th month</td>
<td>0.2083</td>
<td>0.7917</td>
</tr>
<tr>
<td>11th month</td>
<td>0.1250</td>
<td>0.8750</td>
</tr>
<tr>
<td>12th month</td>
<td>0.0417</td>
<td>0.9583</td>
</tr>
</tbody>
</table>

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 20c
Complete lines 20a through 20c for assets, other than automobiles and other listed property, placed in service only during the tax year beginning in 2003 or depreciated under the Alternative Depreciation System (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.

### Part IV—Summary

A partnership (other than an electing large 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.

**Line 23**
If you are subject to the uniform capitalization rules of section 263A, enter the increase in basis from costs you must capitalize. 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.

**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, 2106-EZ, or Schedule C-EZ (Form 1040), 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), the limits are not reported on Form 4562 for any other reason, report vehicle information in Part IV of Schedule C and not on Form 4562.

#### Section A

**Line 25**
An additional 30% special depreciation allowance (or an additional 50% special depreciation allowance for property acquired after May 5, 2003) is allowed for qualified property placed in service during the tax year. 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 (except for qualified Liberty Zone property) for which the special depreciation allowance is claimed. See the instructions for lines 26 and 27 for details on the limit. Enter on line 25 your total special depreciation allowance for all listed property.

**Lines 26 and 27**
Qualified business use. To determine whether to use line 26 or line 27, 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.
- 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.
Exceptions. If at least 25% of the total use of any aircraft during the tax year is for a qualified nonpersonal use (e.g., charitable, educational, or compensatory use of the aircraft by a 5% owner or related person is treated as a qualified business use). Determine your percentage of qualified business use similar to the method used to figure the business use percentage in Table 1, 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, see Pub. 946.

Column (a). 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, etc.).

See Listed Property on page 1 for items to include.

In column (a), list the make and model 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). 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). 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. Enter 25% of the property's value (unless you took the reduced credit). For automobiles, and give a general description (unless you took the reduced credit). For automobiles, and give a general description of the property.

Employers who report the amount of the value of the vehicle to employees and withhold the appropriate taxes, should enter “100%” for the percentage of business/investment use. For other listed property, see Pub. 463.

For other listed property (such as computers 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, 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). Enter the property's actual cost (including sales tax) or other basis (unadjusted for prior years' depreciation). If you traded in old property, your basis is the adjusted basis of the old property (figured as if 100% of the property's use had been for business/investment purposes) plus any additional amount you paid for the new property.


For a vehicle, reduce your basis by any qualified electric vehicle credit or deduction for clean-fuel vehicles you claimed. If you converted the property from personal use to business/investment use, your basis for depreciation is the small of the property's adjusted basis or its fair market value on the date of conversion.

Column (e). 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 took the reduced credit) for automobiles and other listed property placed in service after 1985 (i.e., transitional property), reduce the depreciable basis by the entire investment credit.

Column (f). 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). Enter the method and convention used to figure your depreciation deduction. See the instructions for line 19, column (e) and (f). Write “200 DB,” “150 DB,” or “SL” for the depreciation method, and “HY,” “WML,” or “MQ” for half-year, mid-month, or mid-quarter conventions, respectively. For property placed in service before 1987, write “PRE” if you used the prescribed percentages under ACRS. If you elected an alternate percentage, enter “$L.”

Column (h). See Limits for passenger automobiles placed in service 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). For property 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 2003, enter your unrecovered basis, if any, in column (i).

For property used 50% or less in a qualified business use (line 26) and placed in service after 1986, figure column (h) by dividing column (e) by column (f) and using 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 2003, 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 any special depreciation allowance, plus section 179 expense deduction for passenger automobiles is limited for any tax year.

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 on page 8. If the billing and depreciable basis or the amount equal to the limit multiplied by that percentage. For example, for an automobile (other than a truck or van for electric automobile) placed in service in December 2003 (for which you elect not to claim any special depreciation allowance) that is used 60% for business/investment, the limit is $1,836 ($3,060 x 60%).

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

1. 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).
2. Trucks and vans placed in service after 2002 that are not qualified nonpersonal use vehicles (see Exception below) are treated as passenger automobiles built on a truck chassis, including minivans and sport utility vehicles built on a truck chassis.
3. Electric passenger automobiles are vehicles produced by an original equipment manufacturer and designed to run primarily on electricity.

Exception. The following vehicles are not considered passenger automobiles.

1. An ambulance, hearses, or combination ambulance-hearse used in your trade or business.
2. A vehicle used in your trade or business of transporting persons or property for compensation or hire.
3. 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 built on a chassis, 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 clean-fuel modifications. The following passenger automobiles placed in service after August 5, 1997 do not apply to the cost of any qualified property (such as retrofit parts and components) installed on a vehicle to permit that vehicle to run on a clean-burning fuel.

Column (i). Enter the amount you elect to expense for section 179 property used more

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than 50% in a qualified business use (subject to the limits for passenger automobiles noted above). Refer to the Part I instructions to determine if the property qualifies under section 179.

Recapture of depreciation and 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 depreciation and section 179 expense deduction. Use Form 4797, Sales of Business Property, to figure the recapture amount.

Table 1—Limits for Passenger Automobiles Placed in Service Before 2001 (excluding electric passenger automobiles placed in service after August 5, 1997)

<table>
<thead>
<tr>
<th>IF you placed your automobile in service:</th>
<th>THEN the limit on your depreciation and section 179 expense deduction is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 19—Dec. 31, 1984</td>
<td>$6,000</td>
</tr>
<tr>
<td>Jan. 1—Apr. 2, 1985</td>
<td>$6,200</td>
</tr>
<tr>
<td>Apr. 3, 1985—Dec. 31, 1986</td>
<td>$4,800</td>
</tr>
<tr>
<td>Jan. 1, 1993—Dec. 31, 1994</td>
<td>$1,675</td>
</tr>
</tbody>
</table>

Table 2—Limits for Passenger Automobiles Placed in Service After 2000 (excluding trucks and vans placed in service after 2002 and electric passenger automobiles)

<table>
<thead>
<tr>
<th>IF you placed your automobile in service:</th>
<th>AND the number of tax years in which this automobile has been in service:</th>
<th>THEN the limit on your depreciation and section 179 expense deduction is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 1—Dec. 31, 2001</td>
<td>3</td>
<td>$2,950</td>
</tr>
<tr>
<td>Jan. 1—Dec. 31, 2002</td>
<td>2</td>
<td>$4,900</td>
</tr>
<tr>
<td>Jan. 1, 2003</td>
<td>1</td>
<td>$7,650</td>
</tr>
<tr>
<td>May 6—Dec. 31, 2003</td>
<td>1</td>
<td>$10,710</td>
</tr>
</tbody>
</table>

*If you elect not to claim any special depreciation allowance for the vehicle or the vehicle is not qualified property, the limit is $3,360.

Table 3—Limits for Electric Passenger Automobiles Placed in Service After August 5, 1997

<table>
<thead>
<tr>
<th>IF you placed your electric automobile in service:</th>
<th>AND the number of tax years in which this automobile has been in service:</th>
<th>THEN the limit on your depreciation and section 179 expense deduction is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 6, 1997—Dec. 31, 1998</td>
<td>4 or more</td>
<td>$5,425</td>
</tr>
<tr>
<td>Jan. 1, 1999—Dec. 31, 2000</td>
<td>4 or more</td>
<td>$5,325</td>
</tr>
<tr>
<td>Jan. 1—Dec. 31, 2001</td>
<td>3</td>
<td>$8,850</td>
</tr>
<tr>
<td>Jan. 1—Dec. 31, 2002</td>
<td>2</td>
<td>$14,700</td>
</tr>
<tr>
<td>Jan. 1—May 5, 2003</td>
<td>1</td>
<td>$22,880</td>
</tr>
<tr>
<td>May 6—Dec. 31, 2003</td>
<td>1</td>
<td>$32,030</td>
</tr>
<tr>
<td>May 6—Dec. 31, 2003</td>
<td>2</td>
<td>$14,600</td>
</tr>
</tbody>
</table>

*If you elect not to claim any special depreciation allowance for the vehicle or the vehicle is not qualified property, the limit is $3,360.

Table 4—Limits for Trucks and Vans Placed in Service After 2002

<table>
<thead>
<tr>
<th>IF you placed your truck or van in service:</th>
<th>AND the number of tax years in which this truck or van has been in service:</th>
<th>THEN the limit on your depreciation and section 179 expense deduction is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 1—May 5, 2003</td>
<td>1</td>
<td>$7,960</td>
</tr>
<tr>
<td>May 6—Dec. 31, 2003</td>
<td>1</td>
<td>$11,010</td>
</tr>
<tr>
<td>May 6—Dec. 31, 2003</td>
<td>2</td>
<td>$5,400</td>
</tr>
</tbody>
</table>

*If you elect not to claim any special depreciation allowance for the vehicle or the vehicle is not qualified property, the limit is $3,360.

Note: The limit for automobiles (including trucks and vans and electric passenger automobiles) placed in service after December 31, 2003, will be published in the Internal Revenue Bulletin. These amounts were not available at the time these instructions were printed.

Section B

Exception. Employers are not required to 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.

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 de minimis 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 (e.g., 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 (e.g., a stop for lunch between 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 (e.g., a stop for a personal errand between a business delivery and the employer’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 may elect to deduct part of certain capital costs over a fixed period. If you amortize properly, the part you amortize does not qualify for the section 179 expense deduction or for depreciation. 

Attach any information the Code and regulations require that may require a valid election. See Pub. 535 for more information.

Amortization of bond premiums. For individuals reporting amortization of bond premium for bonds acquired before October 23, 1986, do not report the deduction here. See the instructions for Schedule A (Form 1040), line 27.

For taxpayers (other than corporations) claiming a deduction for amortization of bond premium for bonds acquired after October 22, 1986, 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, the amortization offsets the interest income. See Pub. 550, Investment Income and Expenses.

Line 42
Complete line 42 only for those costs for which the amortization period begins during your tax year beginning in 2003.

Column (a). Describe the costs you are amortizing. You may amortize the following:
• Pollution control facilities (section 169, limited by section 291 for corporations). If you take the 30% or 50% special allowance for pollution control facilities, you must reduce the amount on which you figure your amortization deduction by the amount deducted.
• Certain bond premiums (section 171).
• Research and experimental expenditures (section 174).
• The cost of acquiring a lease (section 178).
• Qualified forestation and reforestation costs (section 194). See Pub. 535 for details, including limitations and other requirements. Partnerships and S corporations, see the instructions for line 44.
• Qualifying revitalization expenditures (section 1400I). These are certain capital expenditures that relate to a qualified revitalization building located in an area designated as a renewal community. The amount of qualified revitalization expenditures cannot exceed the commercial revitalization expenditure amount allocated to the qualified revitalization building by the commercial revitalization agency for the state in which the building is located.
• Any franchise (other than a sports franchise), trademark, or trade name. See the instructions for Schedule A (Form 1040), line 27. Partnerships (other than electing large base; and S corporations, report the amortizable basis of any forestation or reforestation expenditures 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 1120S). See the instructions for Schedule K (Form 1065 or 1120S) for more details on how to report.

You may elect to either (a) deduct one-half of the expenditures for the year the building is placed in service or (b) amortize all such expenditures ratably over the 120-month period beginning with the month the building is placed in service. Report any amortization on line 42. Report any deductions on the applicable “Other Deductions” or “Other Expenses” line of your return. This deduction is treated as depreciation for purposes of section 1016 (basis adjustment) and section 1250 (ordinary income recapture upon disposition).

• Organizational expenditures for a corporation (section 248) or partnership (section 709).
• Optional write-off of certain tax preferences over the period specified in section 59(e).

• Certain section 197 intangibles (which must be amortized over 15 years starting with the month the intangibles were acquired), including:
  1. Goodwill.
  2. Going concern value;
  3. Workforce in place; and
  4. A description of the trade or business.

• Any other reason, do not file Form 4562. If you elect to amortize the part you amortize

Column (f). Compute the amortization deduction by:
1. Dividing 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 2003 or
2. Multiplying column (c) by the percentage in column (e).

Line 43
If you are reporting the amortization of costs that began before your 2003 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. See Pub. 535.

Line 44
Report the total amortization, including the allocable portion of forestation or reforestation amortization, on the applicable “Other Deductions” or “Other Expenses” line of your return. For more details, including limitations that apply, see Pub. 535. Partnerships (other than electing large base; and S corporations, report the amortizable basis of any forestation or reforestation expenditures 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 1120S). See the instructions for Schedule K (Form 1065 or 1120S) 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 average time is:
Recordkeeping, 38 hr., 14 min.; Learning about the law or the form, 5 hr., 57 min.; Preparing and sending the form to the IRS, 6 hr., 50 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.
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### Table A—General Depreciation System
**Method:** 200% declining balance switching to straight line  
**Convention:** Half-year

<table>
<thead>
<tr>
<th>Year</th>
<th>3 years</th>
<th>5 years</th>
<th>7 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>33.33%</td>
<td>20.00%</td>
<td>14.29%</td>
<td>10.00%</td>
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<tr>
<td>2</td>
<td>44.45%</td>
<td>32.00%</td>
<td>24.49%</td>
<td>16.00%</td>
</tr>
<tr>
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<td>14.81%</td>
<td>19.20%</td>
<td>14.29%</td>
<td>10.00%</td>
</tr>
<tr>
<td>4</td>
<td>7.41%</td>
<td>11.52%</td>
<td>9.33%</td>
<td>9.33%</td>
</tr>
<tr>
<td>5</td>
<td>5.76%</td>
<td>8.92%</td>
<td>7.37%</td>
<td>5.76%</td>
</tr>
<tr>
<td>6</td>
<td>8.93%</td>
<td>6.55%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>8.93%</td>
<td>6.55%</td>
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<td>8</td>
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<td>4.46%</td>
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<td>9</td>
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<td>6.55%</td>
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<tr>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td>3.28%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>5 years</th>
<th>7 years</th>
<th>10 years</th>
<th>12 years</th>
<th>15 years</th>
<th>20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15.00%</td>
<td>10.71%</td>
<td>7.50%</td>
<td>6.25%</td>
<td>5.00%</td>
<td>3.750%</td>
</tr>
<tr>
<td>2</td>
<td>25.50%</td>
<td>19.13%</td>
<td>13.88%</td>
<td>11.72%</td>
<td>9.50%</td>
<td>7.219%</td>
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<tr>
<td>3</td>
<td>17.85%</td>
<td>15.03%</td>
<td>11.79%</td>
<td>10.25%</td>
<td>8.55%</td>
<td>6.677%</td>
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<tr>
<td>4</td>
<td>16.66%</td>
<td>12.25%</td>
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<td>7.00%</td>
<td>6.177%</td>
</tr>
<tr>
<td>5</td>
<td>16.66%</td>
<td>12.25%</td>
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<td>7.89%</td>
<td>6.93%</td>
<td>5.713%</td>
</tr>
<tr>
<td>6</td>
<td>8.33%</td>
<td>12.25%</td>
<td>8.74%</td>
<td>7.33%</td>
<td>6.23%</td>
<td>5.285%</td>
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<tr>
<td>7</td>
<td>12.25%</td>
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<td>6.93%</td>
<td>5.90%</td>
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<tr>
<td>8</td>
<td>6.13%</td>
<td>8.74%</td>
<td>7.33%</td>
<td>5.90%</td>
<td>4.522%</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>8.74%</td>
<td>7.33%</td>
<td>5.91%</td>
<td>4.462%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>8.74%</td>
<td>7.33%</td>
<td>5.90%</td>
<td>4.461%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>4.37%</td>
<td>7.33%</td>
<td>5.91%</td>
<td>4.462%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>4.37%</td>
<td>7.33%</td>
<td>5.90%</td>
<td>4.461%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>3.66%</td>
<td>7.33%</td>
<td>5.91%</td>
<td>4.462%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>5.90%</td>
<td>4.461%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>5.91%</td>
<td>4.462%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>2.95%</td>
<td>4.461%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>4.462%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>4.461%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table C—General Depreciation System

**Method:** Straight line  
**Convention:** Mid-month  
**Recovery period:** 27.5 years

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.485%</td>
<td>3.182%</td>
<td>2.879%</td>
<td>2.576%</td>
<td>2.273%</td>
<td>1.970%</td>
<td>1.667%</td>
<td>1.364%</td>
<td>1.061%</td>
<td>0.758%</td>
<td>0.455%</td>
<td>0.152%</td>
</tr>
</tbody>
</table>

### Table D—General Depreciation System

**Method:** Straight line  
**Convention:** Mid-month  
**Recovery period:** 31.5 years

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.174%</td>
<td>3.175%</td>
<td>3.174%</td>
<td>3.175%</td>
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<td>3.174%</td>
<td>3.175%</td>
<td>3.174%</td>
<td>3.175%</td>
</tr>
<tr>
<td>11, 13, 15, 17</td>
<td>3.174%</td>
<td>3.175%</td>
<td>3.175%</td>
<td>3.175%</td>
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<td>3.175%</td>
<td>3.175%</td>
<td>3.175%</td>
</tr>
<tr>
<td>12, 14, 16, 18</td>
<td>3.175%</td>
<td>3.174%</td>
<td>3.175%</td>
<td>3.174%</td>
<td>3.175%</td>
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<td>3.174%</td>
<td>3.175%</td>
<td>3.174%</td>
<td>3.175%</td>
<td>3.174%</td>
</tr>
</tbody>
</table>

### Table E—General Depreciation System

**Method:** Straight line  
**Convention:** Mid-month  
**Recovery period:** 39 years

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.461%</td>
<td>2.247%</td>
<td>2.033%</td>
<td>1.819%</td>
<td>1.605%</td>
<td>1.391%</td>
<td>1.177%</td>
<td>0.963%</td>
<td>0.749%</td>
<td>0.535%</td>
<td>0.321%</td>
<td>0.107%</td>
</tr>
<tr>
<td>2-39</td>
<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
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<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
<td>2.584%</td>
</tr>
</tbody>
</table>
### Depreciation Worksheet (Keep for your records.)

| Description of Property | Date Placed in Service | Cost or Other Basis | Business/Investment Use % | Section 179 Deduction and Special Allowance | Depreciation Prior Years | Basis for Depreciation | Method/Convention | Recovery Period | Rate or Table | Rate/Method | Calculation | Depreciation Deduction |
|-------------------------|------------------------|--------------------|--------------------------|------------------------------------------|-------------------------|------------------------|---------------------|-----------------|--------------|------------|-------------|-------------|------------------------|
|                         |                        |                    |                          |                                          |                         |                        |                     |                 |              |            |             |                         |
