



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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CONEX-103355-15

The Honorable Michael C. Burgess M.D.
Member, U.S. House of Representatives
2000 South Stemmons Freeway, Suite 200
Lake Dallas, TX 75065

Attention:

Dear Congressman Burgess:

I am responding to your inquiry dated January 28, 2015, on behalf of your constituent, . He asked if Congress will extend the maximum deduction amount of section 179 of the Internal Revenue Code.

At the time wrote to you, section 179 provided that for tax years beginning in 2013, the maximum section 179 deduction amount is \$500,000 and that for tax years beginning in 2014, the maximum section 179 deduction amount would revert back to \$25,000. However, the recent enactment of the Tax Increase Prevention Act of 2014 in December 2014 extended the \$500,000 maximum section 179 deduction amount a taxpayer could elect to deduct under section 179 for tax years beginning in 2014.

The section 179 deduction allows a taxpayer to recover all or part of the cost of certain qualified business property, up to a limit, by deducting the cost for the year the taxpayer places the property in service. The taxpayer can elect the section 179 deduction instead of recovering the property's cost by taking depreciation deductions. However, the total amount a taxpayer can elect to deduct under section 179 is subject to certain limitations. For more information on the section 179 deduction, see Chapter 2 of Publication 946, How to Depreciate Property, available at www.irs.gov/pub946.

I hope this information is helpful. If we can assist you further, please contact me,
, or at () .

Sincerely,

Kathleen Reed

Kathleen Reed
Chief, Branch 7,
Office of Associate Chief Counsel
(Income Tax and Accounting)