

§ 1.179-0

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Since the facts do not show with reasonable certainty that the initial term of the lease will be renewed, extended, or continued, Corporation A shall amortize the cost of the building over the remaining term of the lease, or 29 years.

[T.D. 6520, 25 FR 13691, Dec. 24, 1960]

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(a) Section 179 property.

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(c) Purchase.

(d) Cost.

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(a) Election.

(b) Revocation.

(c) Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008.

(d) Election or revocation must not be made in any other manner.

§ 1.179-6 Effective dates.

(a) In general.

(b) Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008.

(c) Application of § 1.179-5(d).

[T.D. 8455, 57 FR 61316, Dec. 24, 1992, as amended by T.D. 9146, 69 FR 46983, Aug. 4, 2004; T.D. 9209, 70 FR 40191, July 13, 2005]

§ 1.179-1 Election to expense certain depreciable assets.

(a) *In general.* Section 179(a) allows a taxpayer to elect to expense the cost (as defined in § 1.179-4(d)), or a portion of the cost, of section 179 property (as defined in § 1.179-4(a)) for the taxable year in which the property is placed in service (as defined in § 1.179-4(e)). The election is not available for trusts, estates, and certain noncorporate lessors. See paragraph (i)(2) of this section for rules concerning noncorporate lessors. However, section 179(b) provides certain limitations on the amount that a taxpayer may elect to expense in any one taxable year. See §§ 1.179-2 and 1.179-3 for rules relating to the dollar and taxable income limitations and the carryover of disallowed deduction rules. For rules describing the time and manner of making an election under section 179, see § 1.179-5. For the effective date, see § 1.179-6.

(b) *Cost subject to expense.* The expense deduction under section 179 is al-

lowed for the entire cost or a portion of the cost of one or more items of section 179 property. This expense deduction is subject to the limitations of section 179(b) and § 1.179-2. The taxpayer may select the properties that are subject to the election as well as the portion of each property's cost to expense.

(c) *Proration not required*—(1) *In general.* The expense deduction under section 179 is determined without any proration based on—

(i) The period of time the section 179 property has been in service during the taxable year; or

(ii) The length of the taxable year in which the property is placed in service.

(2) *Example.* The following example illustrates the provisions of paragraph (c)(1) of this section.

Example. On December 1, 1991, X, a calendar-year corporation, purchases and places in service section 179 property costing \$20,000. For the taxable year ending December 31, 1991, X may elect to claim a section 179 expense deduction on the property (subject to the limitations imposed under section 179(b)) without proration of its cost for the number of days in 1991 during which the property was in service.

(d) *Partial business use*—(1) *In general.* If a taxpayer uses section 179 property for trade or business as well as other purposes, the portion of the cost of the property attributable to the trade or business use is eligible for expensing under section 179 provided that more than 50 percent of the property's use in the taxable year is for trade or business purposes. The limitations of section 179(b) and § 1.179-2 are applied to the portion of the cost attributable to the trade or business use.

(2) *Example.* The following example illustrates the provisions of paragraph (d)(1) of this section.

Example. A purchases section 179 property costing \$10,000 in 1991 for which 80 percent of its use will be in A's trade or business. The cost of the property adjusted to reflect the business use of the property is \$8,000 (80 percent × \$10,000). Thus, A may elect to expense up to \$8,000 of the cost of the property (subject to the limitations imposed under section 179(b) and § 1.179-2).

(3) *Additional rules that may apply.* If a section 179 election is made for "listed property" within the meaning of section 280F(d)(4) and there is personal