

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax forms and instructions.
(Also Part I, § 179).

Rev. Proc. 2010-24

SECTION 1. PURPOSE

This revenue procedure modifies the inflation adjusted amounts in Rev. Proc. 2009-50, 2009-45 I.R.B. 617, that apply to taxpayers who elect to expense certain depreciable assets under § 179 of the Internal Revenue Code. This modification reflects statutory changes enacted subsequent to the publication of Rev. Proc. 2009-50.

SECTION 2. BACKGROUND

Prior to the enactment of the Hiring Incentives to Restore Employment Act of 2010, Pub. L. No.111-147, 124 Stat. 71 (2010) (the HIRE Act), § 179(b)(1) prescribed a \$125,000 limitation (the \$125,000 amount) on the aggregate cost of § 179 property that could be treated as an expense for taxable years beginning after 2006 and before 2011. For those same taxable years, § 179(b)(2) provided that the \$125,000 amount is

reduced by the amount by which the cost of § 179 property placed in service during the taxable year exceeds \$500,000 (the \$500,000 amount). Both the \$125,000 amount and the \$500,000 amount were adjusted for inflation annually under § 179(b)(5). For taxable years beginning in 2010, section 3.20 of Rev. Proc. 2009-50 provides that the \$125,000 amount and the \$500,000 amount, adjusted for inflation, are \$134,000 and \$530,000, respectively.

Section 102 of the Economic Stimulus Act of 2008, Pub. L. No. 110-185, 122 Stat. 613 (2008), changed the \$125,000 amount and the \$500,000 amount to \$250,000 and \$800,000, respectively, for taxable years beginning in 2008 and 2009, and also provided that these amounts will not be adjusted for inflation.

Similarly, § 201 of the HIRE Act changes the \$125,000 amount and the \$500,000 amount to \$250,000 and \$800,000, respectively, for taxable years beginning in 2010. Section 201 of the Act also provides that these amounts will not be adjusted for inflation for taxable years beginning in 2010.

SECTION 3. APPLICATION

To reflect the statutory changes made to § 179 by § 201 of the HIRE Act, section 3.20 of Rev. Proc. 2009-50 is modified to read as follows:

.20 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2010, under § 179(b)(1) the aggregate cost of any § 179 property a taxpayer may elect to treat as an expense cannot exceed \$250,000. Under § 179(b)(2), the \$250,000 limitation is reduced (but not below zero) by the amount by which the cost of § 179 property placed in service during the 2010 taxable year exceeds \$800,000.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Section 3.20 of Rev. Proc. 2009-50 is modified and superseded.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning in 2010.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Patrick M. Clinton of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure contact Patrick M. Clinton on (202) 622-4930 (not a toll-free call).