26 CFR 1.168(k)-1: Additional first year depreciation.
(Also Part 1, § 179.)

Rev. Proc. 2015-48

SECTION 1. PURPOSE

This revenue procedure provides guidance for issues related to the enactment of § 125(a), § 125(c)(2), and § 127(d) of the Tax Increase Prevention Act of 2014, Pub. L. No. 113-295, 128 Stat. 4010 (December 19, 2014) (TIPA). Section 125(a) of the TIPA amended § 168(k)(2) of the Internal Revenue Code (Code) by extending the placed-in-service date for property to qualify for the 50-percent additional first year depreciation deduction. Section 125(c)(2) of the TIPA amended § 168(k)(4) by allowing corporations to elect not to claim the 50-percent additional first year depreciation deduction for certain property placed in service generally after December 31, 2013, and before January 1, 2015, and instead to increase their alternative minimum tax (AMT) credit limitation under § 53(c). Section 127(d) of the TIPA amended § 179(f) by extending the application of § 179(f) from any taxable year beginning after 2009 and before 2014 to any taxable year beginning after 2009 and before 2015.

SECTION 2. BACKGROUND

.01 Extension of 50-Percent Additional First Year Depreciation Deduction.

(1) Prior to amendment by the TIPA, § 168(k)(1) allowed a 50-percent additional first year depreciation deduction for qualified property acquired by a taxpayer

after 2007 and placed in service by the taxpayer before 2014 (before 2015 in the case of property described in § 168(k)(2)(B) and (C)). Section 125(a) of the TIPA amended § 168(k)(2) by extending the placed-in-service date to before 2015 (before 2016 in the case of property described in § 168(k)(2)(B) and (C)), and extending other dates in § 168(k)(2) by changing "2014" to "2015" or "January 1, 2014" to "January 1, 2015" (for example, the self-constructed property rules in § 168(k)(2)(E)(i)).

(2) Section 168(k)(2)(D)(iii) provides that a taxpayer may elect not to deduct additional first year depreciation for any class of property placed in service by the taxpayer during the taxable year. The term "class of property" is defined in § 1.168(k)-1(e)(2)(i) of the Income Tax Regulations to mean, in general, each class of property described in § 168(e) (for example, 5-year property). If the taxpayer makes this election, it applies to all qualified property that is in the same class and placed in service in the same taxable year.

(3) Section 1.168(k)-1(e)(3)(i) provides that the election not to deduct additional first year depreciation must be made by the due date, including extensions, of the federal tax return for the taxable year in which the taxpayer places the property in service. Section 1.168(k)-1(e)(3)(ii) provides that this election generally must be made in the manner prescribed on Form 4562, *Depreciation and Amortization*, and its instructions. The instructions to Form 4562 for the 2013 and 2014 taxable years provide that the election is made by attaching a statement to the taxpayer's timely filed tax return indicating that the taxpayer is electing not to deduct the additional first year depreciation and the class of property for which the taxpayer is making the election.

Section 1.168(k)-1(e)(7)(i) provides that once the election is made, it generally may be revoked only with the written consent of the Commissioner of Internal Revenue.

(4) Taxpayers with a taxable year beginning in 2013 and ending in 2014 that filed their 2013 federal tax returns before the enactment of the TIPA may be uncertain how to claim the 50-percent additional first year depreciation for qualified property placed in service after December 31, 2013, in taxable years ending in 2014. Section 3 of this revenue procedure provides the procedures for claiming or not claiming the 50-percent additional first year depreciation for this property.

.02 TIPA Amendment of § 168(k)(4).

(1) Prior to amendment by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L. No. 111-312, 124 Stat. 3296 (December 17, 2010) (TRUIRJCA), § 168(k)(4) allowed a corporation or an S corporation to elect not to claim the additional first year depreciation deduction allowable under § 168(k) for eligible qualified property or extension property and instead increase the business credit limitation under § 38(c) and the AMT credit limitation under § 53(c). As a result, a corporation or S corporation was able to claim unused credits from taxable years beginning before January 1, 2006, that were allocable to research expenditures or AMT liabilities, and accelerate such credits as refundable credits. With the exception of revised dates, eligible qualified property or extension property is property eligible for the additional first year depreciation deduction under § 168(k)(1).

(2) Section 401(c) of TRUIRJCA amended § 168(k)(4) by adding § 168(k)(4)(I) to the Code. Section 168(k)(4)(I) applied to property placed in service generally after 2010 and before 2013 (round 2 extension property). Section 331(c) of the American

Taxpayer Relief Act of 2012, Pub. L. No. 112-240, 126 Stat. 2313 (January 2, 2013) (ATRA), amended § 168(k)(4) by adding § 168(k)(4)(J) to the Code. Section 168(k)(4)(J) applied to property placed in service generally after 2012 and before 2014 (round 3 extension property). With the exception of revised dates, round 2 extension property or round 3 extension property is property eligible for the additional first year depreciation deduction under § 168(k)(1). Pursuant to § 168(k)(4)(I)(i) and (J)(i), § 168(k)(4) increased only the AMT credit limitation under § 53(c) for round 2 extension property and round 3 extension property. As a result, § 168(k)(4) allowed a corporation or an S corporation to elect not to claim the additional first year depreciation deduction allowable under § 168(k) for round 2 extension property and round 3 extension property and instead increase the AMT credit limitation under § 53(c). Accordingly, a corporation or S corporation was able to claim unused credits from taxable years beginning before January 1, 2006, that were allocable to AMT liabilities and accelerate such credits as refundable credits.

(3) With the extension of the additional first year depreciation deduction by § 125(a) of the TIPA, § 168(k)(4) is correspondingly extended to apply to "round 4 extension property." Section 125(c)(2) of the TIPA amended § 168(k)(4) by adding § 168(k)(4)(K) to the Code. Section 168(k)(4)(K)(iii) defines the term "round 4 extension property" as meaning property that is eligible qualified property solely by reason of the extension of § 168(k)(2) by the TIPA. Section 4.01 of this revenue procedure clarifies which eligible qualified property is round 4 extension property.

(4) Pursuant to § 168(k)(4)(K)(i)(I), § 168(k)(4) increases only the AMT credit limitation under § 53(c) for round 4 extension property. As a result, § 168(k)(4) allows a

corporation or an S corporation to elect not to claim the additional first year depreciation deduction allowable under § 168(k) for round 4 extension property and instead increase the AMT credit limitation under § 53(c). Accordingly, a corporation or S corporation is able to claim unused credits from taxable years beginning before January 1, 2006, that are allocable to AMT liabilities and accelerate such credits as refundable credits.

(5) Section 168(k)(4)(K)(ii)(I) provides that if a corporation has an election in effect under § 168(k)(4) for round 3 extension property and the corporation does not make the election not to apply § 168(k)(4) to round 4 extension property, the corporation is treated as having an election in effect for round 4 extension property. Section 4.02 of this revenue procedure provides guidance regarding the time and manner for making an election not to apply § 168(k)(4) to round 4 extension property.

(6) Section 168(k)(4)(K)(ii)(II) provides that if a corporation does not have an election in effect under § 168(k)(4) for round 3 extension property, the corporation may elect to apply § 168(k)(4) to round 4 extension property. Section 4.03 of this revenue procedure provides guidance regarding the time and manner for making this election.

.03 Extension of Application of § 179(f).

(1) Section 179(a) allows a taxpayer to elect to treat the cost (or a portion of the cost) of any § 179 property as an expense for the taxable year in which the taxpayer places the property in service. Section 179(b)(1) and section 179(b)(2) prescribe a dollar limitation on the aggregate cost of § 179 property that can be treated as an expense under § 179(a). The dollar limitation is the amount under § 179(b)(1) (the § 179(b)(1) limitation), reduced (but not below zero) by the amount by which the cost of § 179 property placed in service during the taxable year exceeds the amount under

§ 179(b)(2) (the § 179(b)(2) limitation). Prior to amendment by the TIPA, the § 179(b)(1) limitation was $500,000 for taxable years beginning in 2010, 2011, 2012, or 2013, and $25,000 for taxable years beginning after 2013. The § 179(b)(2) limitation was $2,000,000 for taxable years beginning in 2010, 2011, 2012, or 2013, and $200,000 for taxable years beginning after 2013. Section 127(a) of the TIPA extended the $500,000 § 179(b)(1) limitation to taxable years beginning after 2009 and before 2015 and the $2,000,000 § 179(b)(2) limitation to taxable years beginning after 2009 and before 2015.

(2) Section 179(b)(3)(A) provides that a taxpayer's § 179 deduction for any taxable year, after application of the § 179(b)(1) and (2) limitations, is limited to the taxpayer's taxable income for that taxable year that is derived from the taxpayer's active conduct of any trade or business during that taxable year (taxable income limitation). Section 179(b)(3)(B) provides that the amount of any cost of § 179 property elected to be expensed in a taxable year that is disallowed as a § 179 deduction under the taxable income limitation may be carried forward for an unlimited number of years and may be deducted under § 179(a) in a future year subject to the same limitations.

(3) If a taxpayer elects to apply § 179(f), § 179 property includes qualified real property (as defined in § 179(f)(1) and(2)). Prior to amendment by the TIPA, § 179(f) applied to qualified real property placed in service in any taxable year beginning in 2010, 2011, 2012, or 2013. Section 127(d)(1) of the TIPA extended the application of § 179(f) to qualified real property placed in service in any taxable year beginning after 2009 and before 2015.

(4) For purposes of applying the § 179(b)(1) limitation ($500,000) for any taxable year beginning after 2009 and before 2015, § 179(f)(3) provides that not more than $250,000 of the aggregate cost (as defined in § 179(d)(3) and § 1.179-4(d)) of § 179 property that is treated as an expense under § 179(a) for the taxable year can be attributable to qualified real property. Thus, the maximum amount of qualified real property that may be expensed under § 179(a) for any taxable year beginning after 2009 and before 2015 is $250,000.

(5) Prior to amendment by the TIPA, § 179(f)(4) provided that, notwithstanding § 179(b)(3)(B), a taxpayer that elected to apply § 179(f) and elected to expense under § 179(a) the cost (or a portion of the cost) of qualified real property placed in service during any taxable year beginning in 2010, 2011, 2012, or 2013 could not carryover to any taxable year beginning after 2013 the amount of any cost of such property that was disallowed as a § 179 deduction under the taxable income limitation of § 179(b)(3)(A) (2010, 2011, 2012, or 2013 disallowed § 179 deduction). To the extent that any § 179 deduction attributable to qualified real property was not allowed to be carried over to a taxable year beginning after 2013, that amount was required to be treated as an amount for which an election under § 179 was not made and as property placed in service on the first day of the taxpayer's last taxable year beginning in 2013 for purposes of computing depreciation. Section 127(d)(2) of the TIPA amended § 179(f)(4) by striking "2013" each place it appeared and inserting "2014".

(6) The Treasury Department and the Internal Revenue Service recognize that a taxpayer that treated the amount of a 2010, 2011, 2012, or 2013 disallowed § 179 deduction for qualified real property as property placed in service on the first day of the

taxpayer's last taxable year beginning in 2013 may want to carryover that amount to any taxable year beginning in 2014 in accordance with § 179(f)(4), as amended by the TIPA. Section 5 of this revenue procedure provides the procedures to do this.

SECTION 3. TIPA RETROACTIVE APPLICATION OF 50-PERCENT ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION

.01 Scope. This section 3 applies to a taxpayer that did not claim the 50-percent additional first year depreciation for some or all qualified property placed in service by the taxpayer after December 31, 2013, on its federal tax return for its taxable year beginning in 2013 and ending in 2014 (2013 taxable year) or its taxable year of less than 12 months beginning and ending in 2014 (2014 short taxable year). For purposes of this section 3:

(1) The term "qualified property" has the same meaning as that term is defined in § 168(k)(2), as amended by the TIPA;

(2) The term "2013 qualified property" means qualified property placed in service by the taxpayer before January 1, 2014, in its 2013 taxable year; and

(3) The term "2014 qualified property" means qualified property placed in service by the taxpayer after December 31, 2013, in its 2013 taxable year or 2014 short taxable year, as applicable.

.02 No Election Made To Not Deduct 50-Percent Additional First Year Depreciation. If, on its timely filed federal tax return for the 2013 taxable year or the 2014 short taxable year (both as defined in section 3.01 of this revenue procedure), as applicable, a taxpayer did not deduct the 50-percent additional first year depreciation for a class of property that is qualified property or for some or all of its 2014 qualified

property, and did not make an election within the time and in the manner described in either section 2.01(3) or section 3.04(2) of this revenue procedure not to deduct the 50-percent additional first year depreciation deduction for the class of property in which the qualified property or the 2014 qualified property, as applicable, is included, the taxpayer may claim the 50-percent additional first year depreciation for that class by filing either:

(1) An amended federal tax return for the 2013 taxable year or the 2014 short taxable year, as applicable, before the taxpayer files its federal tax return for the first taxable year succeeding the 2013 taxable year or the 2014 short taxable year, as applicable. If the taxpayer has both a 2013 taxable year and a 2014 short taxable year, and has timely filed federal tax returns for both such years, the amended federal tax returns for both the 2013 taxable year and the 2014 short taxable year must be filed before the taxpayer files its federal tax return for the first taxable year succeeding the 2014 short taxable year; or

(2) A Form 3115, *Application for Change in Accounting Method*, under section 6.01 of Rev. Proc. 2015-14, 2015-5 I.R.B. 450, 459, with the taxpayer's timely filed federal tax return for the first or second taxable year succeeding the 2013 taxable year or the 2014 short taxable year, as applicable, if the taxpayer owns the property as of the first day of the year of change (as defined in section 3.19 of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, 429). If the taxpayer has both a 2013 taxable year and a 2014 short taxable year, and has timely filed federal tax returns for both such years, the Form 3115 must be filed with the taxpayer's timely filed federal tax return for the first or second taxable year succeeding the 2014 short taxable year if the taxpayer owns the property as of the first day of the year of change.

.03 Consent Granted to Revoke Election to Not Deduct 50-Percent Additional First Year Depreciation. If, on its timely filed federal tax return for the 2013 taxable year or the 2014 short taxable year, as applicable, a taxpayer made an election within the time and in the manner described in section 2.01(3) of this revenue procedure to not deduct the 50-percent additional first year depreciation for a class of property that is qualified property, the Commissioner grants the taxpayer consent to revoke that election, provided the taxpayer files an amended federal tax return for the 2013 taxable year or the 2014 short taxable year, as applicable, in a manner that is consistent with the revocation of the election and by the later of (1) December 4, 2015, or (2) before the taxpayer files its federal tax return for the first taxable year succeeding the 2013 taxable year or the 2014 short taxable year.

.04 Election To Not Deduct 50-Percent Additional First Year Depreciation.

(1) In general. A taxpayer that timely filed its federal tax return for the 2013 taxable year or the 2014 short taxable year, as applicable, has made the election to not deduct the 50-percent additional first year depreciation for a class of property that is qualified property if the taxpayer made the election within the time and in the manner provided in section 2.01(3) of this revenue procedure and did not revoke that election within the time and in the manner provided in section 3.03 of this revenue procedure.

(2) Deemed election. If section 3.04(1) of this revenue procedure does not apply, a taxpayer that timely filed its federal tax return for the 2013 taxable year or the 2014 short taxable year, as applicable, will be treated as making the election to not deduct the 50-percent additional first year depreciation for a class of property that is qualified property if the taxpayer:

(a) On that return, did not deduct the 50-percent additional first year depreciation for that class of property but did deduct depreciation; and

(b) Does not file an amended federal tax return or a Form 3115 within the time and in the manner provided in section 3.02 or section 3.03 of this revenue procedure, as applicable, to claim the 50-percent additional first year depreciation for the class of property.

(3) Application. If the taxpayer makes the election under section 3.04(1) or (2) of this revenue procedure for its 2013 taxable year, the election applies to both 2013 qualified property and 2014 qualified property in the same class of property for which the election is made. If the taxpayer makes the election under section 3.04(1) or (2) of this revenue procedure for its 2014 short taxable year, the election applies to 2014 qualified property in the same class of property for which the election is made.

SECTION 4. ROUND 4 EXTENSION PROPERTY

.01 Definition of Round 4 Extension Property.

(1) In general. Under § 168(k)(4)(K)(iii), round 4 extension property means property that is eligible qualified property solely by reason of the extension of § 168(k)(2) by the TIPA. Pursuant to § 168(k)(4)(D), as amended by the TIPA, the term "eligible qualified property" means qualified property under § 168(k)(2), except that in applying § 168(k)(2), (1) "March 31, 2008" is substituted for "December 31, 2007" each place it appears in § 168(k)(2)(A) and § 168(k)(2)(E)(i) and (ii), (2) "April 1, 2008" is substituted for "January 1, 2008" in § 168(k)(2)(A)(iii)(I), and (3) only adjusted basis attributable to manufacture, construction, or production after March 31, 2008, and before January 1, 2010, and after December 31, 2010, and before January 1, 2015, is

taken into account under § 168(k)(2)(B)(ii). However, the binding contract requirement in § 168(k)(2)(A)(iii)(I) does not apply for determining whether a passenger aircraft is eligible qualified property. Section 168(k)(4)(G)(iii). See section 3 of Rev. Proc. 2008-65, 2008-2 C.B. 1082 (as modified by section 7.01 of Rev. Proc. 2009-33, 2009-29 I.R.B. 150) and section 3.02 of Rev. Proc. 2009-33 for additional guidance on the definition of eligible qualified property that is not extension property for purposes of § 168(k)(4).

(2) Round 4 extension property defined. Round 4 extension property is eligible qualified property (as defined in § 168(k)(4)(D), as amended by the TIPA) that:

(a) Is acquired by the taxpayer after March 31, 2008, is placed in service by the taxpayer after December 31, 2013, and before January 1, 2015, and is not described in § 168(k)(2)(B) (long-production period property or transportation property) or § 168(k)(2)(C) (certain aircraft) that is placed in service by the taxpayer after December 31, 2013, and before January 1, 2015;

(b) Meets the requirements of § 168(k)(2)(B) (long production period property or transportation property), is acquired by the taxpayer after March 31, 2008, and is placed in service by the taxpayer after December 31, 2014, and before January 1, 2016; or

(c) Meets the requirements of § 168(k)(2)(C) (certain aircraft), is acquired by the taxpayer after March 31, 2008, and is placed in service by the taxpayer after December 31, 2014, and before January 1, 2016.

.02 Election Not to Apply § 168(k)(4) to Round 4 Extension Property.

(1) In general. If a corporate taxpayer has an election in effect under § 168(k)(4) for round 3 extension property (as defined in § 168(k)(4)(J)(iv)), the taxpayer may make an election not to apply § 168(k)(4) to round 4 extension property placed in service by the taxpayer in its first taxable year ending after December 31, 2013, and in any subsequent taxable year. Even if the taxpayer does not place in service any round 4 extension property in its first taxable year ending after December 31, 2013, the taxpayer must make the election not to apply § 168(k)(4) to round 4 extension property for that taxable year if the taxpayer wishes to apply such election to round 4 extension property placed in service in a subsequent taxable year. Failure to comply with all of the applicable requirements of section 4.02(2) of this revenue procedure will nullify a taxpayer's attempted election not to apply § 168(k)(4) to round 4 extension property.

(2) Time and Manner for Making the Election Not to Apply § 168(k)(4) to Round 4 Extension Property.

(a) In general. A corporate taxpayer that timely files its federal income tax return for its first taxable year ending after December 31, 2013, makes the election not to apply § 168(k)(4) to round 4 extension property by applying the election procedures in section 4.02 or 4.03 of Rev. Proc. 2009-33, as applicable, or by meeting the deemed election requirements in section 4.02(b) or (c) of this revenue procedure, as applicable. If the taxpayer has timely filed such federal income tax return and did not make the election not to apply § 168(k)(4) to round 4 extension property but wants to do so, see section 4.04 of Rev. Proc. 2009-33 for how to make a late election. In applying section 4.02, 4.03, or 4.04 of Rev. Proc. 2009-33, as applicable, the taxpayer should make the following substitutions:

(i) “round 4 extension property” is substituted for “extension property”;

(ii) “December 31, 2013” is substituted for “December 31, 2008”; and

(iii) “The TIPA” is substituted for “The Act”.

(b) Deemed election for taxpayers that are not members of a controlled group of corporations. This section 4.02(2)(b) applies to a corporate taxpayer that is not a member of a controlled group of corporations (as defined in § 168(k)(4)(C)(iv) and in section 2.05 of Rev. Proc. 2009-16, 2009-6 I.R.B. 449). If that taxpayer timely filed its original federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, the taxpayer will be treated as making the election not to apply § 168(k)(4) to round 4 extension property if the taxpayer:

(i) Filed, with its original federal income tax return for the taxpayer’s first taxable year ending after December 31, 2013, the Form 4562, *Depreciation and Amortization (Including Information on Listed Property)*, indicating that the taxpayer: (A) claimed the additional first year depreciation deduction for all round 4 extension property placed in service by the taxpayer during that taxable year (unless the taxpayer made the election under § 168(k)(2)(D)(iii) for the class of property in which the round 4 extension property is included); and (B) used the applicable depreciation method for such property under § 168(b) (unless the taxpayer elected the alternative depreciation system under § 168(g)(7) for the class of property in which the round 4 extension property is included); and

(ii) Provides written notification, if notification has not previously been provided, to any partnership in which the taxpayer is a partner that the taxpayer is

making the election not to apply § 168(k)(4) to round 4 extension property. This notification must be made to the applicable partnership(s) by December 4, 2015.

(c) Deemed election for taxpayers that are members of a controlled group of corporations.

(i) In general. If any member of a controlled group of corporations (hereinafter such group is referred to as a "controlled group") is treated as making the election not to apply § 168(k)(4) to round 4 extension property under section 4.02(2)(c)(ii) or (iii) of this revenue procedure, such election is binding on all other members of the controlled group. See section 4.03(1) of Rev. Proc. 2009-33.

(ii) All members of a controlled group constitute a single consolidated group. This section 4.02(2)(c)(ii) applies when all members of a controlled group are members of a consolidated group. If the common parent (within the meaning of § 1.1502-77(a)(1)(i)) of the consolidated group timely filed the original consolidated federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, all members of the consolidated group will be treated as making an election not to apply § 168(k)(4) to all round 4 extension property if the common parent complies with the procedures in section 4.02(2)(b) of this revenue procedure for all members of the consolidated group (for example, the written notification required in section 4.02(2)(b)(ii) of this revenue procedure is provided to all partnerships in which any member is a partner).

(iii) All members of a controlled group do not constitute a single consolidated group. This section 4.02(2)(c)(ii) applies when separate federal income tax returns are filed by some or all members of a controlled group. If a controlled group

includes, but is not limited to, members of a consolidated group, the consolidated group is treated as a single member of the controlled group. If a member of the controlled group timely filed its original federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, such member will be treated as making the election not to apply § 168(k)(4) to all round 4 extension property if the member:

(A) Complies with the procedures in section 4.02(2)(b) of this revenue procedure; and

(B) Provides written notification, if notification has not previously been provided, to all other members of the controlled group that the election not to apply § 168(k)(4) to round 4 extension property will be made. This notification must be made to the other members by December 4, 2015.

.03 Section 168(k)(4) Round 4 Extension Property Election.

(1) In general. If a corporate taxpayer does not have an election in effect under § 168(k)(4) for round 3 extension property (as defined in § 168(k)(4)(J)(iv)), the taxpayer may make an election to apply § 168(k)(4) to round 4 extension property (§ 168(k)(4) round 4 extension property election). If the § 168(k)(4) round 4 extension property election is made, the election applies to all round 4 extension property placed in service by the taxpayer in its first taxable year ending after December 31, 2013, and in any subsequent taxable year. Even if the taxpayer does not place in service any round 4 extension property in its first taxable year ending after December 31, 2013, the taxpayer must make the § 168(k)(4) round 4 extension property election for that taxable year if the taxpayer wishes to apply the election to round 4 extension property placed in

service in a subsequent taxable year. Failure to comply with all of the applicable requirements of section 4.03(2) of this revenue procedure will nullify a taxpayer's attempted § 168(k)(4) round 4 extension property election.

(2) Time and Manner for Making the § 168(k)(4) Round 4 Extension Property Election.

(a) In general. A corporate taxpayer that timely files its federal income tax return for its first taxable year ending after December 31, 2013, makes the § 168(k)(4) round 4 extension property election by applying the election procedures in section 6.02, 6.03, or 6.04 of Rev. Proc. 2009-33, as applicable, or by meeting the deemed election requirements in section 4.03(b) or (c) of this revenue procedure, as applicable. If the taxpayer has timely filed such federal income tax return and did not make the § 168(k)(4) round 4 extension property election but wants to do so, see section 6.06 of Rev. Proc. 2009-33 for how to make a late election. In applying section 6.02, 6.03, 6.04, or 6.06 of Rev. Proc. 2009-33, as applicable, the taxpayer should make the following substitutions:

(i) "round 4 extension property" is substituted for "extension property";

(ii) "§ 168(k)(4) round 4 extension property election " is substituted for "§ 168(k)(4) extension property election";

(iii) "December 31, 2013" is substituted for "December 31, 2008";

(iii) "2014" is substituted for "2008";

(iv) In section 6.02(2)(a)(i), strike the language "(for example, Line 32g of the 2008 Form 1120)" and replace with the following: "(for example, Line 32 of the 2014 Form 1120)";

(v) Strike the language in section 6.02(2)(a)(ii) and replace with the following: “Filing, with the Form 1120, the Form 8827, *Credit for Prior Year Minimum Tax – Corporations*, for the taxpayer’s first taxable year ending after December 31, 2013;”;

(vi) Strike the word “Stimulus” in sections 6.02(2)(a)(iii) and 6.02(2)(b)(iii);

(vii) Strike the language in section 6.02(2)(b)(ii) and replace with the following: “Attaching to the Form 1120S for the taxpayer’s first taxable year ending after December 31, 2013, a statement indicating that the taxpayer is making the § 168(k)(4) round 4 extension property election and a statement showing the computation of the increase to the AMT credit limitation under § 53(c) resulting from making the § 168(k)(4) round 4 extension property election;”;

(viii) In section 6.03, strike the language “If a corporate taxpayer did not make the § 168(k)(4) election for its first taxable year ending March 31, 2008, and the taxpayer” and replace with the following: “If a corporate taxpayer”;

(ix) In section 6.04(2)(c)(iv), strike the language “(*excluding* extensions)” and replace with the following: “(*including* extensions)”; and

(x) “December 31, 2014” is substituted for “December 31, 2009”.

(b) Deemed election for taxpayers that are not members of a controlled group. This section 4.03(2)(b) applies to a corporate taxpayer that is not a member of a controlled group (as defined in § 168(k)(4)(C)(iv) and in section 2.05 of Rev. Proc. 2009-16). If that taxpayer timely filed its original federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, the taxpayer will be treated as making the § 168(k)(4) round 4 extension property election if:

(i) In the case of a C corporation, the taxpayer claimed the refundable credit on the appropriate line of the original Form 1120, *U.S. Corporation Income Tax Return*, for its first taxable year ending after December 31, 2013 (for example, Line 32 of the 2014 Form 1120);

(ii) In the case of a S corporation, the taxpayer made appropriate adjustments to the appropriate line of the original Form 1120S, *U.S. Income Tax Return for an S Corporation*, for the taxpayer's first taxable year ending after December 31, 2013, to reflect the results described in section 6.05(3) of Rev. Proc. 2009-33 from making the § 168(k)(4) round 4 extension property election (for example, Line 22b of the 2014 Form 1120S). In applying section 6.05(3) of Rev. Proc. 2009-33, the taxpayer should substitute "§ 168(k)(4) round 4 extension property election" for "§ 168(k)(4) extension property election";

(iii) The taxpayer filed, with the original Form 1120 or Form 1120S, as applicable, for the taxpayer's first taxable year ending after December 31, 2013, the Form 4562 indicating that the taxpayer used the straight line method of depreciation under § 168(b)(3) and did not claim the additional first year depreciation deduction for all round 4 extension property placed in service during that taxable year; and

(iv) The taxpayer provides written notification, if notification has not previously been provided, to any partnership in which the taxpayer is a partner that the taxpayer is making the § 168(k)(4) round 4 extension property election. This notification must be made to the applicable partnership(s) by December 4, 2015.

(c) Deemed election for taxpayers that are members of a controlled group.

(i) In general. If any member of a controlled group is treated as making the § 168(k)(4) round 4 extension property election under section 4.03(2)(c)(ii) or (iii) of this revenue procedure, such election is binding on all other members of the controlled group. See section 4.03(1) of Rev. Proc. 2009-33.

(ii) All members of a controlled group constitute a single consolidated group. This section 4.03(2)(c)(ii) applies when all members of a controlled group are members of a consolidated group. If the common parent (within the meaning of § 1.1502-77(a)(1)(i)) of the consolidated group timely filed the original consolidated federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, all members of the consolidated group will be treated as making the § 168(k)(4) round 4 extension property election if the common parent complies with the procedures in section 4.03(2)(b) of this revenue procedure for all members of the consolidated group (for example, the written notification required in section 4.03(2)(b)(iv) of this revenue procedure is provided to all partnerships in which any member is a partner).

(iii) All members of a controlled group do not constitute a single consolidated group. This section 4.03(2)(c)(iii) applies when separate federal income tax returns are filed by some or all members of a controlled group. If a controlled group includes, but is not limited to, members of a consolidated group, the consolidated group is treated as a single member of the controlled group. If a member of the controlled group timely filed its original federal income tax return for its first taxable year ending after December 31, 2013, on or before December 4, 2015, such member will be treated as making the § 168(k)(4) round 4 extension property election if the member:

(A) Complies with the procedures in section 4.03(2)(b) of this revenue procedure; and

(B) Provides written notification, if notification has not previously been provided, to all other members of the controlled group that the § 168(k)(4) round 4 extension property election will be made. This notification must be made to the other members by December 4, 2015.

SECTION 5. CARRYOVER OF 2010, 2011, 2012, OR 2013 DISALLOWED § 179 DEDUCTION FOR QUALIFIED REAL PROPERTY

.01 In General. A taxpayer that treated the amount of a 2010, 2011, 2012, or 2013 disallowed § 179 deduction for qualified real property as property placed in service on the first day of the taxpayer's last taxable year beginning in 2013 may either (1) continue that treatment, or (2) if the period of limitations for assessment under § 6501(a) is open, amend its federal tax return for the last taxable year beginning in 2013 to carryover the 2010, 2011, 2012, or 2013 disallowed § 179 deduction to any taxable year beginning in 2014. However, if the taxpayer's last taxable year beginning in 2013 is open under the period of limitations for assessment under § 6501(a) and an affected succeeding taxable year is closed under the period of limitations for assessment under § 6501(a), the taxpayer must continue to treat the amount of a 2010, 2011, 2012, or 2013 disallowed § 179 deduction as property placed in service on the first day of the taxpayer's last taxable year beginning in 2013.

.02 Time and Manner of Filing Amended Federal Tax Return. The amended federal tax return for the taxpayer's last taxable year beginning in 2013 must include any collateral adjustments to taxable income or the tax liability (for example, the amount

of depreciation allowed or allowable in the last taxable year beginning in 2013 for the amount of the 2010, 2011, 2012, or 2013 disallowed § 179 deduction). Such collateral adjustments must also be made on amended federal tax returns for any affected succeeding taxable years. The amended returns for the taxpayer's last taxable year beginning in 2013 and for any affected succeeding taxable years must be filed within the time prescribed by law for filing an amended return for such taxable years.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective September 15, 2015.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Douglas H. Kim of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Kim at (202) 317-7005 (not a toll-free call).