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Time Running out for Certain Taxpayers to Elect out of 100% Bonus Depreciation

The TCJA increased the deduction for bonus depreciation from 50% of the cost of qualifying property to 100%. Although the TCJA did not become law until December 22, 2017, this increase in bonus depreciation was actually effective retroactively for assets acquired and placed in service after September 27, 2017.

Taxpayers who filed their 2017 returns and did not elect out of 100% bonus depreciation (either intentionally or unintentionally) but still wish to do so (claiming either 50% or 0% bonus depreciation instead) will need to file an amended return, attaching the required statement and indicating the class or classes of property affected by the election. The deadline for filing the election out of 100% bonus depreciation is six months after the original deadline for filing, which means by October 15, 2018, for individual taxpayers or calendar-year corporations. Taxpayers who may want to consider making the election out of 100% bonus depreciation are those with net operating losses or tax credits that are about to expire or those who anticipate being in a higher income tax bracket in future tax years.