

Addendum: Introduction to Schedule C

Revision [1.1]

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Corrections to the textbook were made to reflect the recent release of the 2020 Luxury Auto Limits [and the annual lease inclusion amounts for leased vehicles] (Rev.proc 2020-37).

Added lease inclusion amount to the tables.

Cars (Not Trucks or Vans)	
Year Lease Began	FMV
2018-2020	\$50,000
2016-2017	\$19,000
2015	\$17,500
2014	\$18,500
2013	\$19,000
2009-2012	\$18,500

Trucks and Vans	
Year Lease Began	FMV
2018-2020	\$50,000
2016-2017	\$19,500
2015	\$18,500
2010-2014	\$19,000
2009	\$18,500

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Added table to reflect 2020 depreciation limits for passenger automobiles (including trucks and vans).

2020 (Rev. Proc. 2020-37)	Passenger Automobiles
1st year	\$10,100
1st year with 100% bonus depreciation	\$18,100
2nd year	\$16,100
3rd year	\$9,700
4th year and later	\$5,760

Example

On Oct. 15, 2020, Helen purchased a new car for \$34,000 and placed it in service on the same day. She drove the car a total of 4,000 miles, of which 3,000 were for business purposes. Helen's business use of the car is 75% ($3,000 \div 4,000$).

The maximum depreciation deduction Helen can take if 100% business use is \$10,100 (with no bonus depreciation). However, since her vehicle was used 75% for business purposes, she is allowed 75% or \$7,575 ($75\% \times \$10,100$). Therefore, for 2020, Helen reports a \$7,575 depreciation deduction for her car.