

## Part III

### Administrative, Procedural, and Miscellaneous

*26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.  
(Also: Part I, §§ 280F; 1.280F-7.)*

#### **Rev. Proc. 2007-30**

##### SECTION 1. PURPOSE

01. This revenue procedure provides: (1) limitations on depreciation deductions for owners of passenger automobiles first placed in service by the taxpayer during calendar year 2007, including a separate table of limitations on depreciation deductions for trucks and vans; and (2) the amounts to be included in income by lessees of passenger automobiles first leased by the taxpayer during calendar year 2007, including a separate table of inclusion amounts for lessees of trucks and vans.

02. The tables detailing these depreciation limitations and lessee inclusion amounts reflect the automobile price inflation adjustments required by § 280F(d)(7).

03. Section 280F(a)(1)(C), which directed the use of higher depreciation deduction limits for certain electric automobiles, was applicable only to property placed in service after December 31, 2001 and before January 1, 2007. Accordingly, separate tables are no longer provided for electric automobiles, and taxpayers should use the applicable table provided in this revenue procedure.

## SECTION 2. BACKGROUND

01. For owners of passenger automobiles, § 280F(a) imposes dollar limitations on the depreciation deduction for the year that the passenger automobile is placed in service by the taxpayer and each succeeding year. Section 280F(d)(7) requires the amounts allowable as depreciation deductions to be increased by a price inflation adjustment amount for passenger automobiles placed in service after 1988. The method of calculating this price inflation amount for trucks and vans placed in service in or after calendar year 2003 uses a different CPI “automobile component” (the “new trucks” component) than that used in the price inflation amount calculation for other passenger automobiles (the “new cars” component), resulting in somewhat higher depreciation deductions for trucks and vans. This change reflects the higher rate of price inflation that trucks and vans have been subject to since 1988. For purposes of this revenue procedure, the term “trucks and vans” refers to passenger automobiles that are built on a truck chassis, including minivans and sport utility vehicles (SUVs) that are built on a truck chassis.

02. For leased passenger automobiles, § 280F(c) requires a reduction in the deduction allowed to the lessee of the passenger automobile. The reduction must be substantially equivalent to the limitations on the depreciation deductions imposed on owners of passenger automobiles. Under § 1.280F-7(a), this reduction requires the lessees to include in gross income an inclusion amount determined by applying a formula to the amount obtained from a table. There is a table for lessees of trucks and vans and a table for all other passenger automobiles. Each table shows inclusion amounts for a range of fair market values for each tax year after the passenger

automobile is first leased.

### SECTION 3. SCOPE

01. The limitations on depreciation deductions in section 4.02(2) of this revenue procedure apply to passenger automobiles (other than leased passenger automobiles) that are placed in service by the taxpayer in calendar year 2007, and continue to apply for each tax year that the passenger automobile remains in service.

02. The tables in section 4.03 of this revenue procedure apply to leased passenger automobiles for which the lease term begins during calendar year 2007. Lessees of such passenger automobiles must use these tables to determine the inclusion amount for each tax year during which the passenger automobile is leased. See Rev. Proc. 2002-14, 2002-1 C.B. 450, for passenger automobiles first leased before January 1, 2003, Rev. Proc. 2003-75, 2003-2 C.B. 1018, for passenger automobiles first leased during calendar year 2003, Rev. Proc. 2004-20, 2004-1 C.B. 642, for passenger automobiles first leased during calendar year 2004, Rev. Proc. 2005-13, 2005-1 C.B. 759, for passenger automobiles first leased during calendar year 2005, and Rev. Proc. 2006-18, 2006-1 C.B. 645, for passenger automobiles first leased during calendar year 2006.

### SECTION 4. APPLICATION

01. In General.

(1) Limitations on Depreciation Deductions for Certain Automobiles. The limitations on depreciation deductions for passenger automobiles placed in service by the taxpayer for the first time during calendar year 2007 are found in Tables 1 and 2 in section 4.02(2) of this revenue procedure. Table 1 of this revenue procedure provides

limitations on depreciation deductions for a passenger automobile (other than a truck or van). Table 2 of this revenue procedure provides limitations on depreciation deductions for a truck or van.

(2) Inclusions in Income of Lessees of Passenger Automobiles. A taxpayer first leasing a passenger automobile during calendar year 2007 must determine the inclusion amount that is added to gross income using the tables in section 4.03 of this revenue procedure. The inclusion amount is determined using Table 3 in the case of a passenger automobile (other than a truck or van), and Table 4 in the case of a truck or van. In addition, the procedures of § 1.280F-7(a) must be followed.

## 02. Limitations on Depreciation Deductions for Certain Automobiles.

(1) Amount of the Inflation Adjustment. Under § 280F(d)(7)(B)(i), the automobile price inflation adjustment for any calendar year is the percentage (if any) by which the CPI automobile component for October of the preceding calendar year exceeds the CPI automobile component for October 1987. The term "CPI automobile component" is defined in § 280F(d)(7)(B)(ii) as the "automobile component" of the Consumer Price Index for all Urban Consumers published by the Department of Labor (the CPI). The new car component of the CPI was 115.2 for October 1987 and 136.3 for October 2006. The October 2006 index exceeded the October 1987 index by 21.1. The Service has, therefore, determined that the automobile price inflation adjustment for 2007 for passenger automobiles (other than trucks and vans) is 18.32 percent ( $21.1/115.2 \times 100\%$ ). This adjustment is applicable to all passenger automobiles (other than trucks and vans) that are first placed in service in calendar year 2007. The dollar

limitations in § 280F(a) must therefore be multiplied by a factor of 0.1832, and the resulting increases, after rounding to the nearest \$100, are added to the 1988 limitations to give the depreciation limitations applicable to passenger automobiles (other than trucks and vans) for calendar year 2007. To determine the dollar limitations applicable to trucks and vans first placed in service during calendar year 2007, the new truck component of the CPI is used instead of the new car component. The new truck component of the CPI was 112.4 for October 1987 and 141.4 for October 2006. The October 2006 index exceeded the October 1987 index by 29.0. The Service has, therefore, determined that the automobile price inflation adjustment for 2007 for trucks and vans is 25.80 percent ( $29.0/112.4 \times 100\%$ ). This adjustment is applicable to all trucks and vans that are first placed in service in calendar year 2007. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.2580, and the resulting increases, after rounding to the nearest \$100, are added to the 1988 limitations to give the depreciation limitations applicable to trucks and vans.

(2) Amount of the Limitation. For passenger automobiles placed in service by the taxpayer in calendar year 2007, Tables 1 and 2 contain the dollar amount of the depreciation limitation for each tax year. Use Table 1 for passenger automobiles placed in service by the taxpayer in calendar year 2007. Use Table 2 for trucks and vans placed in service by the taxpayer in calendar year 2007.

REV. PROC. 2007-30 TABLE 1	
DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES PLACED IN SERVICE BY THE TAXPAYER DURING CALENDAR YEAR 2007	
<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 3,060

2nd Tax Year	\$ 4,900
3rd Tax Year	\$ 2,850
Each Succeeding Year	\$ 1,775

REV. PROC. 2007-30 TABLE 2 DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS PLACED IN SERVICE BY THE TAXPAYER DURING CALENDAR YEAR 2007
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<u>Tax Year</u>	<u>Amount</u>
1st Tax Year	\$ 3,260
2nd Tax Year	\$ 5,200
3rd Tax Year	\$ 3,050
Each Succeeding Year	\$ 1,875

03. Inclusions in Income of Lessees of Passenger Automobiles.

The inclusion amounts for passenger automobiles first leased in calendar year 2007 are calculated under the procedures described in § 1.280F-7(a). Lessees of passenger automobiles other than trucks and vans should use Table 3 of this revenue procedure in applying these procedures, while lessees of trucks and vans should use Table 4 of this revenue procedure.

REV. PROC. 2007-30 TABLE 3						
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007						
Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
\$15,500	\$15,800	2	5	11	11	13
15,800	16,100	4	10	17	19	22
16,100	16,400	6	14	24	28	31
16,400	16,700	9	18	31	35	41
16,700	17,000	11	23	37	43	50
17,000	17,500	13	29	46	54	62
17,500	18,000	17	37	56	68	77
18,000	18,500	20	44	68	81	93
18,500	19,000	24	51	80	94	108
19,000	19,500	27	59	90	108	124
19,500	20,000	30	67	101	121	139
20,000	20,500	34	74	113	134	154
20,500	21,000	37	82	123	148	170
21,000	21,500	41	89	135	161	185
21,500	22,000	44	97	146	174	201
22,000	23,000	49	108	163	194	224
23,000	24,000	56	123	185	221	255
24,000	25,000	63	138	207	248	285
25,000	26,000	70	153	229	275	316
26,000	27,000	77	168	251	302	347
27,000	28,000	83	183	274	328	378
28,000	29,000	90	198	296	355	409
29,000	30,000	97	213	318	382	439
30,000	31,000	104	228	341	408	470
31,000	32,000	111	243	363	435	501
32,000	33,000	118	258	385	461	532
33,000	34,000	125	273	407	488	563
34,000	35,000	131	288	430	515	593
35,000	36,000	138	303	452	542	624
36,000	37,000	145	318	474	568	656
37,000	38,000	152	333	496	595	686
38,000	39,000	159	348	519	621	717
39,000	40,000	166	363	541	648	748
40,000	41,000	172	378	564	674	779
41,000	42,000	179	393	586	701	810
42,000	43,000	186	408	608	728	840

REV. PROC. 2007-30 TABLE 3  
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES  
(THAT ARE NOT TRUCKS OR VANS)  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & later
Over	Not Over					
43,000	44,000	193	423	630	755	871
44,000	45,000	200	438	652	782	902
45,000	46,000	207	453	674	809	933
46,000	47,000	213	468	697	835	964
47,000	48,000	220	483	719	862	995
48,000	49,000	227	498	742	888	1,025
49,000	50,000	234	513	764	915	1,056
50,000	51,000	241	528	786	942	1,087
51,000	52,000	248	543	808	969	1,117
52,000	53,000	254	558	831	995	1,148
53,000	54,000	261	573	853	1,022	1,179
54,000	55,000	268	588	875	1,049	1,210
55,000	56,000	275	603	897	1,076	1,241
56,000	57,000	282	618	920	1,102	1,271
57,000	58,000	289	633	942	1,128	1,303
58,000	59,000	296	648	964	1,155	1,334
59,000	60,000	302	663	987	1,182	1,364
60,000	62,000	313	685	1,020	1,222	1,411
62,000	64,000	326	716	1,064	1,276	1,472
64,000	66,000	340	746	1,108	1,329	1,534
66,000	68,000	354	775	1,154	1,382	1,595
68,000	70,000	367	806	1,198	1,435	1,657
70,000	72,000	381	836	1,242	1,489	1,719
72,000	74,000	395	865	1,287	1,543	1,780
74,000	76,000	408	896	1,331	1,596	1,842
76,000	78,000	422	926	1,376	1,649	1,903
78,000	80,000	436	955	1,421	1,703	1,965
80,000	85,000	460	1,008	1,498	1,796	2,074
85,000	90,000	494	1,083	1,610	1,929	2,228
90,000	95,000	528	1,158	1,721	2,063	2,382
95,000	100,000	562	1,233	1,833	2,196	2,536
100,000	110,000	614	1,346	1,999	2,396	2,767
110,000	120,000	682	1,496	2,222	2,663	3,075
120,000	130,000	750	1,646	2,444	2,931	3,383
130,000	140,000	819	1,796	2,667	3,197	3,692
140,000	150,000	887	1,946	2,890	3,464	4,000
150,000	160,000	956	2,096	3,112	3,731	4,308



REV. PROC. 2007-30 TABLE 3						
DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES (THAT ARE NOT TRUCKS OR VANS) WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007						
Fair Market Value of Passenger Automobile		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
160,000	170,000	1,024	2,246	3,335	3,998	4,616
170,000	180,000	1,093	2,396	3,557	4,266	4,924
180,000	190,000	1,161	2,546	3,780	4,532	5,233
190,000	200,000	1,229	2,696	4,003	4,799	5,541
200,000	210,000	1,298	2,846	4,225	5,067	5,848
210,000	220,000	1,366	2,996	4,448	5,333	6,157
220,000	230,000	1,435	3,146	4,671	5,600	6,465
230,000	240,000	1,503	3,296	4,893	5,867	6,774
240,000	and up	1,571	3,446	5,116	6,134	7,082

REV. PROC. 2007-30 TABLE 4						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
\$16,400	\$16,700	2	4	8	10	11
16,700	17,000	4	9	15	17	21
17,000	17,500	6	15	24	28	33
17,500	18,000	10	22	35	42	48
18,000	18,500	13	30	46	55	64
18,500	19,000	17	37	57	69	79
19,000	19,500	20	45	68	82	94
19,500	20,000	24	52	80	95	109
20,000	20,500	27	60	90	109	125
20,500	21,000	30	67	102	122	141
21,000	21,500	34	75	113	135	156
21,500	22,000	37	82	124	149	171
22,000	23,000	42	94	140	169	194
23,000	24,000	49	109	163	195	225
24,000	25,000	56	123	186	222	256
25,000	26,000	63	138	208	249	286
26,000	27,000	70	153	230	276	317
27,000	28,000	77	168	252	302	349
28,000	29,000	83	184	274	329	379
29,000	30,000	90	199	296	356	410
30,000	31,000	97	214	318	383	440
31,000	32,000	104	228	342	408	472
32,000	33,000	111	243	364	435	503
33,000	34,000	118	258	386	462	534
34,000	35,000	125	273	408	489	564
35,000	36,000	131	289	430	515	595
36,000	37,000	138	304	452	542	626
37,000	38,000	145	318	475	569	657
38,000	39,000	152	333	497	596	688
39,000	40,000	159	348	520	622	718
40,000	41,000	166	363	542	649	749
41,000	42,000	172	379	563	676	780
42,000	43,000	179	394	586	702	811
43,000	44,000	186	409	608	729	842
44,000	45,000	193	423	631	756	872
45,000	46,000	200	438	653	783	903
46,000	47,000	207	453	675	810	934

REV. PROC. 2007-30 TABLE 4						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
47,000	48,000	213	469	697	836	965
48,000	49,000	220	484	719	863	996
49,000	50,000	227	499	741	890	1,026
50,000	51,000	234	514	764	916	1,057
51,000	52,000	241	528	787	943	1,088
52,000	53,000	248	543	809	969	1,119
53,000	54,000	254	559	831	996	1,150
54,000	55,000	261	574	853	1,023	1,180
55,000	56,000	268	589	875	1,050	1,211
56,000	57,000	275	604	897	1,076	1,243
57,000	58,000	282	618	920	1,103	1,273
58,000	59,000	289	633	943	1,129	1,304
59,000	60,000	296	648	965	1,156	1,335
60,000	62,000	306	671	998	1,196	1,381
62,000	64,000	319	701	1,043	1,249	1,443
64,000	66,000	333	731	1,087	1,303	1,504
66,000	68,000	347	761	1,131	1,357	1,566
68,000	70,000	361	791	1,176	1,410	1,627
70,000	72,000	374	821	1,221	1,463	1,689
72,000	74,000	388	851	1,265	1,517	1,751
74,000	76,000	402	881	1,309	1,570	1,813
76,000	78,000	415	911	1,354	1,624	1,874
78,000	80,000	429	941	1,399	1,676	1,936
80,000	85,000	453	994	1,476	1,770	2,044
85,000	90,000	487	1,069	1,587	1,904	2,198
90,000	95,000	521	1,144	1,699	2,037	2,352
95,000	100,000	555	1,219	1,810	2,171	2,506
100,000	110,000	607	1,331	1,977	2,371	2,737
110,000	120,000	675	1,481	2,200	2,638	3,045
120,000	130,000	744	1,631	2,423	2,904	3,354
130,000	140,000	812	1,781	2,646	3,171	3,662
140,000	150,000	880	1,932	2,867	3,439	3,970
150,000	160,000	949	2,081	3,091	3,705	4,279
160,000	170,000	1,017	2,232	3,313	3,972	4,586
170,000	180,000	1,086	2,381	3,536	4,239	4,895
180,000	190,000	1,154	2,532	3,758	4,506	5,203
190,000	200,000	1,222	2,682	3,981	4,773	5,511
200,000	210,000	1,291	2,831	4,204	5,040	5,820

REV. PROC. 2007-30 TABLE 4						
DOLLAR AMOUNTS FOR TRUCKS AND VANS WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2007						
Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th & later
210,000	220,000	1,359	2,982	4,426	5,307	6,128
220,000	230,000	1,428	3,131	4,649	5,575	6,435
230,000	240,000	1,496	3,282	4,871	5,841	6,744
240,000	and up	1,565	3,431	5,095	6,108	7,052

#### SECTION 5. EFFECTIVE DATE

This revenue procedure applies to passenger automobiles (other than leased passenger automobiles) that are first placed in service by the taxpayer during calendar year 2007, and to leased passenger automobiles that are first leased by the taxpayer during calendar year 2007.

#### SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Bernard P. Harvey of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding the depreciation limitations and lessee inclusion amounts in this revenue procedure, contact Bernard P. Harvey at (202) 622-3110 (not a toll-free call).