

Rev. Proc. 2005-13

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 2005, including special tables of limitations on depreciation deductions for trucks and vans, and for passenger automobiles designed to be propelled primarily by electricity and built by an original equipment manufacturer (electric automobiles); and (2) the amounts to be included in income by lessees of passenger automobiles first leased by the taxpayer during calendar year 2005, including a separate table of inclusion amounts for lessees of trucks and vans, and a separate table for lessees of electric automobiles.

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

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. In the case of electric automobiles placed in service after August 5, 1997, and before January 1, 2007, § 280F(a)(1)(C) requires tripling of these limitation amounts. 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 electric automobiles, 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 2005, 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 2005. 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, and Rev. Proc. 2004-20, 2004-1 C.B. 642, for passenger automobiles first leased during calendar year 2004.

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 2005 are found in Tables 1 through 3 in section 4.02(2) of this revenue procedure. Table 1 of this revenue procedure provides limitations on depreciation deductions for a passenger automobile. Table 2 of this revenue procedure provides limitations on depreciation deductions for a truck or van. Table 3 of this revenue procedure provides limitations on depreciation deductions for an electric automobile.

(2) Inclusions in Income of Lessees of Passenger Automobiles. A taxpayer first

leasing a passenger automobile during calendar year 2005 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 4 in the case of a passenger automobile (other than a truck, van, or electric automobile), Table 5 in the case of a truck or van, and Table 6 in the case of an electric automobile. 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 133.0 for October 2004. The October 2004 index exceeded the October 1987 index by 17.8. The Service has,

therefore, determined that the automobile price inflation adjustment for 2005 for passenger automobiles (other than trucks and vans) is 15.45 percent (17.8/115.2 x 100%). This adjustment is applicable to all passenger automobiles (other than trucks and vans) that are first placed in service in calendar year 2005. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.1545, 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, vans, and electric automobiles) for calendar year 2005. To determine the dollar limitations applicable to an electric automobile first placed in service during calendar year 2005, the dollar limitations in § 280F(a) are tripled in accordance with § 280F(a)(1)(C) and are then multiplied by a factor of 0.1545; the resulting increases, after rounding to the nearest \$100, are added to the tripled 1988 limitations to give the depreciation limitations for calendar year 2005. To determine the dollar limitations applicable to trucks and vans first placed in service during calendar year 2005, 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 143.1 for October 2004. The October 2004 index exceeded the October 1987 index by 30.7. The Service has, therefore, determined that the automobile price inflation adjustment for 2005 for trucks and vans is 27.31 percent (30.7/112.4 x 100%). This adjustment is applicable to all trucks and vans that are first placed in service in calendar year 2005. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.2731, 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 2005, Tables 1 through 3 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 2005. Use Table 2 for trucks and vans placed in service by the taxpayer in calendar year 2005. Use Table 3 for electric automobiles placed in service by the taxpayer in calendar year 2005.

REV. PROC. 2005-13 TABLE 1

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES
PLACED IN SERVICE BY THE TAXPAYER DURING CALENDAR YEAR 2005

<i>Tax Year</i>	<i>Amount</i>
1st Tax Year	\$2,960
2nd Tax Year	\$4,700
3rd Tax Year	\$2,850
Each Succeeding Year	\$1,675

REV. PROC. 2005-13 TABLE 2

DEPRECIATION LIMITATIONS FOR TRUCKS AND VANS
PLACED IN SERVICE BY THE TAXPAYER DURING CALENDAR YEAR 2005

<i>Tax Year</i>	<i>Amount</i>
1st Tax Year	\$3,260
2nd Tax Year	\$5,200
3rd Tax Year	\$3,150
Each Succeeding Year	\$1,875

REV. PROC. 2005-13 TABLE 3

DEPRECIATION LIMITATIONS FOR ELECTRIC AUTOMOBILES
PLACED IN SERVICE BY THE TAXPAYER DURING CALENDAR YEAR 2005

<i>Tax Year</i>	<i>Amount</i>
1st Tax Year	\$8,880
2nd Tax Year	\$14,200
3rd Tax Year	\$8,450
Each Succeeding Year	\$5,125

03. Inclusions in Income of Lessees of Passenger Automobiles.

The inclusion amounts for passenger automobiles first leased in calendar year 2005 are calculated under the procedures

described in § 1.280F-7(a). Lessees of passenger automobiles other than trucks, vans, and electric automobiles should use Table 4 of this revenue procedure in applying these procedures, while lessees of

trucks and vans should use Table 5 of this revenue procedure and lessees of electric automobiles should use Table 6 of this revenue procedure.

REV. PROC. 2005-13 TABLE 4

DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES
(THAT ARE NOT TRUCKS, VANS, OR ELECTRIC AUTOMOBILES)
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & Later
Over	Not Over					
\$15,200	\$15,500	3	6	9	11	13
15,500	15,800	4	9	13	17	19
15,800	16,100	5	12	18	22	26
16,100	16,400	7	15	22	27	32
16,400	16,700	8	18	27	32	39
16,700	17,000	9	21	32	38	44
17,000	17,500	11	25	38	45	52
17,500	18,000	14	30	45	54	63
18,000	18,500	16	35	52	63	73
18,500	19,000	18	40	60	72	83
19,000	19,500	20	46	67	80	94
19,500	20,000	23	50	75	90	104
20,000	20,500	25	55	82	99	115
20,500	21,000	27	61	89	108	125
21,000	21,500	30	65	97	117	135
21,500	22,000	32	70	105	125	146
22,000	23,000	35	78	116	139	161
23,000	24,000	40	88	131	156	182
24,000	25,000	44	98	146	175	202
25,000	26,000	49	108	161	192	223
26,000	27,000	54	118	175	211	244
27,000	28,000	58	128	191	228	265
28,000	29,000	63	138	205	247	285
29,000	30,000	67	149	220	264	306
30,000	31,000	72	159	234	283	326
31,000	32,000	77	168	250	300	348
32,000	33,000	81	179	265	318	367
33,000	34,000	86	189	279	336	389
34,000	35,000	90	199	295	354	409
35,000	36,000	95	209	309	372	430
36,000	37,000	99	219	325	389	451
37,000	38,000	104	229	339	408	471

REV. PROC. 2005-13 TABLE 4

DOLLAR AMOUNTS FOR PASSENGER AUTOMOBILES
(THAT ARE NOT TRUCKS, VANS, OR ELECTRIC AUTOMOBILES)
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Passenger Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th & Later
Over	Not Over					
38,000	39,000	109	239	354	426	491
39,000	40,000	113	249	370	443	512
40,000	41,000	118	259	384	462	533
41,000	42,000	122	269	400	479	554
42,000	43,000	127	279	414	497	575
43,000	44,000	132	289	429	515	595
44,000	45,000	136	299	444	533	616
45,000	46,000	141	309	459	551	636
46,000	47,000	145	320	473	569	657
47,000	48,000	150	329	489	587	678
48,000	49,000	154	340	504	604	699
49,000	50,000	159	350	518	623	719
50,000	51,000	164	360	533	640	740
51,000	52,000	168	370	548	659	760
52,000	53,000	173	380	563	676	781
53,000	54,000	177	390	578	694	802
54,000	55,000	182	400	593	712	823
55,000	56,000	186	410	609	729	844
56,000	57,000	191	420	623	748	864
57,000	58,000	196	430	638	766	884
58,000	59,000	200	440	653	784	905
59,000	60,000	205	450	668	802	925
60,000	62,000	212	465	691	828	957
62,000	64,000	221	485	721	864	998
64,000	66,000	230	506	750	900	1,039
66,000	68,000	239	526	780	935	1,081
68,000	70,000	248	546	810	971	1,123
70,000	72,000	258	566	839	1,008	1,163
72,000	74,000	267	586	869	1,044	1,204
74,000	76,000	276	606	899	1,079	1,247
76,000	78,000	285	626	930	1,114	1,288
78,000	80,000	294	646	960	1,150	1,329
80,000	85,000	310	682	1,011	1,213	1,402
85,000	90,000	333	732	1,086	1,303	1,504
90,000	95,000	356	782	1,161	1,392	1,608
95,000	100,000	379	832	1,236	1,481	1,712
100,000	110,000	413	908	1,347	1,616	1,867
110,000	120,000	459	1,009	1,496	1,795	2,073
120,000	130,000	505	1,109	1,646	1,974	2,280
130,000	140,000	551	1,210	1,795	2,153	2,486
140,000	150,000	597	1,310	1,945	2,332	2,693
150,000	160,000	642	1,411	2,094	2,511	2,900
160,000	170,000	688	1,512	2,243	2,690	3,106
170,000	180,000	734	1,612	2,392	2,870	3,313
180,000	190,000	780	1,713	2,541	3,048	3,520
190,000	200,000	826	1,813	2,691	3,227	3,727
200,000	210,000	871	1,914	2,840	3,407	3,933
210,000	220,000	917	2,015	2,989	3,585	4,141
220,000	230,000	963	2,115	3,139	3,764	4,347
230,000	240,000	1,009	2,216	3,288	3,943	4,554
240,000	and up	1,055	2,316	3,437	4,123	4,760

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DOLLAR AMOUNTS FOR TRUCKS AND VANS
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Truck or Van		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
\$16,700	\$17,000	3	6	8	10	11
17,000	17,500	4	10	14	17	20
17,500	18,000	7	15	21	26	30
18,000	18,500	9	20	29	35	40
18,500	19,000	11	25	37	43	51
19,000	19,500	14	30	44	52	61
19,500	20,000	16	35	51	62	71
20,000	20,500	18	40	59	71	81
20,500	21,000	20	45	67	79	92
21,000	21,500	23	50	74	88	103
21,500	22,000	25	55	81	98	113
22,000	23,000	28	63	92	111	129
23,000	24,000	33	73	107	129	149
24,000	25,000	38	83	122	147	169
25,000	26,000	42	93	137	165	190
26,000	27,000	47	103	152	183	210
27,000	28,000	51	113	167	201	231
28,000	29,000	56	123	182	218	253
29,000	30,000	60	133	197	237	272
30,000	31,000	65	143	212	254	294
31,000	32,000	70	153	227	272	314
32,000	33,000	74	163	242	290	335
33,000	34,000	79	173	257	308	355
34,000	35,000	83	184	271	326	376
35,000	36,000	88	193	287	344	397
36,000	37,000	93	203	302	361	418
37,000	38,000	97	214	316	380	438
38,000	39,000	102	223	332	397	459
39,000	40,000	106	234	346	415	480
40,000	41,000	111	244	361	433	500
41,000	42,000	115	254	376	451	521
42,000	43,000	120	264	391	469	542
43,000	44,000	125	274	406	487	562
44,000	45,000	129	284	421	505	583
45,000	46,000	134	294	436	523	603
46,000	47,000	138	304	451	541	624
47,000	48,000	143	314	466	558	645
48,000	49,000	148	324	481	576	666
49,000	50,000	152	334	496	594	687
50,000	51,000	157	344	511	612	707
51,000	52,000	161	355	525	630	728
52,000	53,000	166	364	541	648	748
53,000	54,000	170	375	555	666	769
54,000	55,000	175	385	570	684	789
55,000	56,000	180	394	586	701	811
56,000	57,000	184	405	600	720	830
57,000	58,000	189	415	615	737	852
58,000	59,000	193	425	630	755	873
59,000	60,000	198	435	645	773	893
60,000	62,000	205	450	667	800	924
62,000	64,000	214	470	697	836	966
64,000	66,000	223	490	727	872	1,007
66,000	68,000	232	510	757	908	1,048
68,000	70,000	241	531	786	944	1,089
70,000	72,000	251	550	817	979	1,131

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DOLLAR AMOUNTS FOR TRUCKS AND VANS
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Truck or Van		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
72,000	74,000	260	571	846	1,015	1,172
74,000	76,000	269	591	876	1,051	1,213
76,000	78,000	278	611	906	1,087	1,254
78,000	80,000	287	631	936	1,123	1,296
80,000	85,000	303	666	989	1,185	1,368
85,000	90,000	326	717	1,063	1,274	1,472
90,000	95,000	349	767	1,137	1,365	1,575
95,000	100,000	372	817	1,212	1,454	1,678
100,000	110,000	406	893	1,324	1,588	1,833
110,000	120,000	452	993	1,474	1,767	2,040
120,000	130,000	498	1,094	1,623	1,945	2,247
130,000	140,000	544	1,194	1,772	2,125	2,454
140,000	150,000	590	1,295	1,921	2,304	2,660
150,000	160,000	636	1,395	2,071	2,483	2,867
160,000	170,000	681	1,496	2,220	2,662	3,074
170,000	180,000	727	1,597	2,369	2,841	3,281
180,000	190,000	773	1,697	2,519	3,020	3,487
190,000	200,000	819	1,798	2,668	3,199	3,694
200,000	210,000	865	1,898	2,817	3,379	3,900
210,000	220,000	910	1,999	2,967	3,557	4,107
220,000	230,000	956	2,100	3,115	3,737	4,314
230,000	240,000	1,002	2,200	3,265	3,916	4,520
240,000	and up	1,048	2,301	3,414	4,094	4,728

REV. PROC. 2005-13 TABLE 6

DOLLAR AMOUNTS FOR ELECTRIC AUTOMOBILES
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Electric Automobile		Tax Year During Lease				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$45,000	\$46,000	5	11	18	21	25
46,000	47,000	10	21	33	39	45
47,000	48,000	14	31	48	57	66
48,000	49,000	19	41	63	75	86
49,000	50,000	23	52	77	93	107
50,000	51,000	28	61	93	111	127
51,000	52,000	33	71	108	129	148
52,000	53,000	37	82	122	147	169
53,000	54,000	42	92	137	164	190
54,000	55,000	46	102	152	183	210
55,000	56,000	51	112	167	200	231
56,000	57,000	55	122	182	218	252
57,000	58,000	60	132	197	236	272
58,000	59,000	65	142	212	254	293
59,000	60,000	69	152	227	272	314
60,000	62,000	76	167	250	298	345
62,000	64,000	85	187	280	334	386
64,000	66,000	94	208	309	370	427
66,000	68,000	104	227	339	406	469
68,000	70,000	113	247	369	442	510
70,000	72,000	122	268	398	478	551
72,000	74,000	131	288	428	514	593

REV. PROC. 2005-13 TABLE 6

DOLLAR AMOUNTS FOR ELECTRIC AUTOMOBILES
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2005

Fair Market Value of Electric Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
74,000	76,000	140	308	458	550	634
76,000	78,000	149	328	489	585	675
78,000	80,000	159	348	518	621	717
80,000	85,000	175	383	571	683	789
85,000	90,000	197	434	645	773	892
90,000	95,000	220	484	720	863	995
95,000	100,000	243	534	795	952	1,099
100,000	110,000	278	610	906	1,086	1,254
110,000	120,000	323	711	1,055	1,266	1,460
120,000	130,000	369	811	1,205	1,444	1,668
130,000	140,000	415	912	1,354	1,623	1,874
140,000	150,000	461	1,012	1,504	1,802	2,081
150,000	160,000	507	1,113	1,652	1,982	2,287
160,000	170,000	553	1,213	1,802	2,161	2,494
170,000	180,000	598	1,314	1,951	2,340	2,701
180,000	190,000	644	1,415	2,100	2,519	2,908
190,000	200,000	690	1,515	2,250	2,698	3,114
200,000	210,000	736	1,616	2,399	2,877	3,321
210,000	220,000	782	1,716	2,549	3,055	3,528
220,000	230,000	827	1,817	2,698	3,235	3,734
230,000	240,000	873	1,918	2,847	3,413	3,942
240,000	and up	919	2,018	2,997	3,592	4,148

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 2005, and to leased passenger automobiles that are first leased by the taxpayer during calendar year 2005.

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).