

*26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability. (Also Part I, §§ 61, 280F; 1.61–21, 1.280F–7.)*

## **Rev. Proc. 2001–19**

### **SECTION 1. PURPOSE**

This revenue procedure provides: (1) limitations on depreciation deductions for owners of passenger automobiles first placed in service during calendar year 2001, including separate limitations on passenger automobiles designed to be propelled primarily by electricity and built by an original equipment manufacturer (electric automobiles); (2) the amounts to be included in income by lessees of passenger automobiles first leased during calendar year 2001, including separate inclusion amounts for electric automobiles; and (3) the maximum allowable value of employer-provided automobiles first made available to employees for personal use in calendar year 2001 for which the vehicle cents-per-mile valuation rule provided under § 1.61–21(e) of the Income Tax Regulations may be applicable. The tables detailing these depreciation limitations and lessee inclusion amounts reflect the automobile price inflation adjustments required by § 280F(d)(7) of the Internal Revenue Code. The maximum allowable automobile value for applying the vehicle cents-per-mile valuation rule reflects the automobile price inflation adjustment of § 280F(d)(7) as required by § 1.61–21(e)(1)(iii)(A).

### **SECTION 2. BACKGROUND**

For owners of automobiles, § 280F(a) imposes dollar limitations on the depreciation deduction for the year that the automobile is placed in service and each succeeding year. In the case of electric automobiles placed in service after August 5, 1997, and before January 1, 2005, § 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.

For leased automobiles, § 280F(c) requires a reduction in the deduction

allowed to the lessee of the automobile. The reduction must be substantially equivalent to the limitations on the depreciation deductions imposed on owners of 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 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 automobile is first leased.

For automobiles first provided by employers to employees that meet the requirements of § 1.61-21(e)(1), the value to the employee of the use of the automobile may be determined under the vehicle cents-per-mile valuation rule of § 1.61-21(e). Section 1.61-21(e)(1)(iii)(A) provides that for an automobile first made available after 1988 to any employee of the employer for personal use, the value of the use of the automobile may not be determined under the vehicle cents-per-mile valuation rule for a calendar year if the fair market value of the automobile (determined pursuant to § 1.61-21(d)(5)(i) through (iv)) on the first date the automobile is made available to the employee exceeds \$12,800 as adjusted by § 280F(d)(7).

### SECTION 3. SCOPE AND OBJECTIVE

01. The limitations on depreciation deductions in section 4.02 of this revenue procedure apply to automobiles (other than leased automobiles) that are placed in service in calendar year 2001 and continue to apply for each tax year that the automobile remains in service.

02. The tables in section 4.03 of this revenue procedure apply to leased automobiles for which the lease term begins in calendar year 2001. Lessees of such automobiles must use these tables to determine the inclusion amount for each tax year during which the automobile is leased.

03. Rev. Proc. 96-25, 1996-1 C.B. 681, for information on determining inclusion amounts for automobiles first leased before January 1, 1997; Rev. Proc. 97-20, 1997-1 C.B. 647, for automobiles first leased during calendar year 1997, including electric automobiles first leased

on or after January 1, 1997, and before August 6, 1997; Rev. Proc. 98-24, 1998-1 C.B. 663, for electric automobiles first leased after August 5, 1997, and before January 1, 1998; Rev. Proc. 98-30, 1998-1 C.B. 930, for all automobiles first leased in calendar year 1998; Rev. Proc. 99-14, 1999-1 C.B. 413, for all automobiles first leased in calendar year 1999; and Rev. Proc. 2000-18, 2000-9 I.R.B. 722, for all automobiles first leased in calendar year 2000.

04. The maximum fair market value figure in section 4.04(2) of this revenue procedure applies to employer-provided automobiles first made available to any employee for personal use in calendar year 2001. See Rev. Proc. 97-20, for the maximum fair market value figure for automobiles first made available in calendar year 1997; Rev. Proc. 98-30, for the maximum fair market value figure for automobiles first made available in calendar year 1998; Rev. Proc. 99-14, for the maximum fair market value figure for automobiles first made available in calendar year 1999; and Rev. Proc. 2000-18, for the maximum fair market value figure for automobiles first made available in calendar year 2000.

### SECTION 4. APPLICATION

01. A taxpayer placing an automobile in service for the first time during calendar year 2001 is limited to the depreciation deduction shown in Table 1 of section 4.02(2) of this revenue procedure or, in the case of an electric automobile, Table 2 of this revenue procedure. A taxpayer first leasing an automobile in calendar year 2001 must determine the inclusion amount that is added to gross income using Table 3 of section 4.03 of this revenue procedure or, in the case of an electric automobile, Table 4 of this revenue procedure. In addition, the procedures of § 1.280F-7(a) must be followed. An employer providing an automobile for the first time in calendar year 2001 for the personal use of any employee may determine the value of the use of the automobile by using the cents-per-mile valuation rule in § 1.61-21(e) if the fair market value of the automobile does not exceed the amount specified in section 4.04(2) of this revenue procedure. If the fair market value of the automobile exceeds the amount specified in section 4.04(2) of this revenue procedure, the employer may determine the

value of the use of the automobile under the general valuation rules of § 1.61-21(b) or under the special valuation rules of § 1.61-21(d) (Automobile lease valuation) or § 1.61-21(f) (Commuting valuation) if the applicable requirements are met.

#### 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 138.6 for October 2000. The October 2000 index exceeded the October 1987 index by 23.4. The Internal Revenue Service has, therefore, determined that the automobile price inflation adjustment for 2001 is 20.31 percent (23.4/115.2 x 100%). This adjustment is applicable to all automobiles that are first placed in service in calendar year 2001. The dollar limitations in § 280F(a) must therefore be multiplied by a factor of 0.2031, 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 electric automobiles) for calendar year 2001. To determine the dollar limitations applicable to an electric automobile first placed in service during calendar year 2001, the dollar limitations in § 280F(a) are tripled in accordance with § 280F(a)(1)(C) and are then multiplied by a factor of 0.2031; the resulting increases, after rounding to the nearest \$100, are added to the tripled 1988 limitations to give the depreciation limitations for calendar year 2001.

(2) *Amount of the Limitation.* For automobiles (other than electric automobiles) placed in service in calendar year 2001, Table 1 of this revenue procedure contains the dollar amount of the depreciation limitations for each tax year. For electric automobiles placed in service in calendar year 2001, Table 2 of this revenue procedure contains these amounts.

REV. PROC. 2001-19 TABLE 1  
DEPRECIATION LIMITATIONS FOR AUTOMOBILES  
(OTHER THAN ELECTRIC AUTOMOBILES)  
FIRST PLACED IN SERVICE IN CALENDAR YEAR 2001

<i>Tax Year</i>	<i>Amount</i>
1st Tax Year	\$3,060
2nd Tax Year	\$4,900
3rd Tax Year	\$2,950
Each Succeeding Year	\$1,775

REV. PROC. 2001-19 TABLE 2  
DEPRECIATION LIMITATIONS FOR ELECTRIC AUTOMOBILES  
FIRST PLACED IN SERVICE IN CALENDAR YEAR 2001

<i>Tax Year</i>	<i>Amount</i>
1st Tax Year	\$9,280
2nd Tax Year	\$14,800
3rd Tax Year	\$8,850
Each Succeeding Year	\$5,325

03. *Inclusions in Income of Lessees of Automobiles.*

The inclusion amounts for automobiles first leased in calendar year 2001 are cal-

culated under the procedures described in § 1.280F-7(a). Lessees of automobiles other than electric automobiles should use Table 3 of this revenue procedure in

applying these procedures, while lessees of electric automobiles should use Table 4 of this revenue procedure.

REV. PROC. 2001-19 TABLE 3  
DOLLAR AMOUNTS FOR AUTOMOBILES (OTHER THAN ELECTRIC AUTOMOBILES)  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2001

Fair Market Value of Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
15,500	15,800	3	6	9	10	11
15,800	16,100	5	12	16	20	22
16,100	16,400	8	17	24	30	33
16,400	16,700	10	22	33	39	44
16,700	17,000	13	27	41	48	56
17,000	17,500	16	35	51	61	70
17,500	18,000	20	44	64	77	89
18,000	18,500	24	53	78	92	107
18,500	19,000	28	62	91	109	125
19,000	19,500	32	71	104	125	143
19,500	20,000	36	80	117	141	162
20,000	20,500	40	89	131	156	181
20,500	21,000	45	97	144	173	199
21,000	21,500	49	106	158	188	217
21,500	22,000	53	115	171	204	236
22,000	23,000	59	129	190	229	263
23,000	24,000	67	147	217	260	300
24,000	25,000	75	165	243	292	337
25,000	26,000	83	183	270	324	373

## REV. PROC. 2001-19 TABLE 3—Continued

DOLLAR AMOUNTS FOR AUTOMOBILES (OTHER THAN ELECTRIC AUTOMOBILES)  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2001

Fair Market Value of Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
26,000	27,000	91	201	296	356	410
27,000	28,000	100	218	324	387	447
28,000	29,000	108	236	350	419	484
29,000	30,000	116	254	377	451	520
30,000	31,000	124	272	403	483	557
31,000	32,000	132	290	430	515	594
32,000	33,000	140	308	456	547	631
33,000	34,000	149	326	482	579	667
34,000	35,000	157	343	510	610	705
35,000	36,000	165	361	536	643	741
36,000	37,000	173	379	563	674	778
37,000	38,000	181	397	590	705	815
38,000	39,000	189	415	616	738	851
39,000	40,000	198	433	642	770	888
40,000	41,000	206	451	669	801	925
41,000	42,000	214	469	695	833	962
42,000	43,000	222	487	722	865	998
43,000	44,000	230	505	748	897	1,036
44,000	45,000	238	523	775	929	1,072
45,000	46,000	247	540	802	961	1,108
46,000	47,000	255	558	828	993	1,145
47,000	48,000	263	576	855	1,024	1,183
48,000	49,000	271	594	881	1,057	1,219
49,000	50,000	279	612	908	1,088	1,256
50,000	51,000	287	630	935	1,119	1,293
51,000	52,000	296	648	961	1,151	1,330
52,000	53,000	304	666	987	1,184	1,366
53,000	54,000	312	684	1,014	1,215	1,403
54,000	55,000	320	702	1,040	1,248	1,439
55,000	56,000	328	720	1,067	1,279	1,476
56,000	57,000	336	738	1,093	1,311	1,514
57,000	58,000	345	755	1,120	1,343	1,550
58,000	59,000	353	773	1,147	1,375	1,586
59,000	60,000	361	791	1,173	1,407	1,624
60,000	62,000	373	818	1,213	1,455	1,678
62,000	64,000	390	854	1,266	1,518	1,752
64,000	66,000	406	890	1,319	1,582	1,825
66,000	68,000	422	926	1,372	1,645	1,900
68,000	70,000	439	961	1,426	1,709	1,972
70,000	72,000	455	997	1,479	1,772	2,047
72,000	74,000	471	1,033	1,532	1,836	2,120
74,000	76,000	488	1,068	1,585	1,901	2,193
76,000	78,000	504	1,104	1,638	1,964	2,267
78,000	80,000	520	1,140	1,692	2,027	2,341
80,000	85,000	549	1,203	1,784	2,139	2,469
85,000	90,000	590	1,292	1,917	2,298	2,653
90,000	95,000	631	1,382	2,049	2,458	2,837
95,000	100,000	671	1,472	2,182	2,617	3,020
100,000	110,000	733	1,605	2,382	2,856	3,296

REV. PROC. 2001-19 TABLE 3—Continued

DOLLAR AMOUNTS FOR AUTOMOBILES (OTHER THAN ELECTRIC AUTOMOBILES)  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2001

Fair Market Value of Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
110,000	120,000	814	1785	2,647	3,174	3,664
120,000	130,000	896	1,964	2,913	3,492	4,032
130,000	140,000	978	2,142	3,179	3,811	4,399
140,000	150,000	1,059	2,322	3,444	4,129	4,767
150,000	160,000	1,141	2,501	3,709	4,448	5,135
160,000	170,000	1,223	2,680	3,975	4,766	5,502
170,000	180,000	1,304	2,859	4,241	5,084	5,871
180,000	190,000	1,386	3,038	4,506	5,403	6,238
190,000	200,000	1,468	3,217	4,772	5,721	6,606
200,000	210,000	1,549	3,396	5,038	6,040	6,973
210,000	220,000	1,631	3,575	5,303	6,358	7,341
220,000	230,000	1,713	3,754	5,568	6,677	7,709
230,000	240,000	1,794	3,933	5,834	6,996	8,076
240,000	250,000	1,876	4,112	6,100	7,314	8,443

REV. PROC. 2001-19 TABLE 4

DOLLAR AMOUNTS FOR ELECTRIC AUTOMOBILES  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2001

Fair Market Value of Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
\$ 47,000	48,000	9	21	33	40	46
48,000	49,000	17	39	60	71	83
49,000	50,000	25	57	86	104	119
50,000	51,000	33	75	113	135	157
51,000	52,000	42	93	139	167	193
52,000	53,000	50	111	165	199	230
53,000	54,000	58	129	192	231	266
54,000	55,000	66	147	218	263	304
55,000	56,000	74	165	245	295	340
56,000	57,000	82	183	272	326	377
57,000	58,000	91	200	299	358	414
58,000	59,000	99	218	325	390	451
59,000	60,000	107	236	352	422	487
60,000	62,000	119	263	391	470	543
62,000	64,000	136	298	445	533	616
64,000	66,000	152	334	498	597	690
66,000	68,000	168	370	551	661	763
68,000	70,000	185	406	604	724	837
70,000	72,000	201	442	657	788	910
72,000	74,000	217	478	710	852	984
74,000	76,000	234	513	764	915	1057
76,000	78,000	250	549	817	979	1131
78,000	80,000	266	585	870	1,043	1,204

## REV. PROC. 2001-19 TABLE 4—Continued

DOLLAR AMOUNTS FOR ELECTRIC AUTOMOBILES  
WITH A LEASE TERM BEGINNING IN CALENDAR YEAR 2001

Fair Market Value of Automobile		Tax Year During Lease				
		1st	2nd	3rd	4th	5th and Later
Over	Not Over					
80,000	85,000	295	648	962	1,155	1,332
85,000	90,000	336	737	1,095	1,314	1,517
90,000	95,000	377	826	1,229	1,472	1,701
95,000	100,000	417	916	1,361	1,632	1,885
100,000	110,000	479	1,050	1,560	1,871	2,161
110,000	120,000	560	1,230	1,825	2,190	2,528
120,000	130,000	642	1,408	2,092	2,508	2,895
130,000	140,000	724	1,587	2,357	2,826	3,264
140,000	150,000	805	1,767	2,622	3,145	3,631
150,000	160,000	887	1,946	2,888	3,463	3,998
160,000	170,000	969	2,124	3,154	3,782	4,366
170,000	180,000	1,050	2,304	3,419	4,100	4,374
180,000	190,000	1,132	2,483	3,684	4,419	5,102
190,000	200,000	1,214	2,661	3,951	4,737	5,469
200,000	210,000	1,295	2,841	4,216	5,055	5,837
210,000	220,000	1,377	3,020	4,481	5,374	6,205
220,000	230,000	1,459	3,199	4,747	5,692	6,572
230,000	240,000	1,540	3,378	5,013	6,010	6,940
240,000	250,000	1,622	3,557	5,278	6,329	7,308

04. *Maximum Automobile Value for Using the Cents-per-mile Valuation Rule.*

(1) *Amount of Adjustment.* Under § 1.61-21(e)(1)(iii)(A), the limitation on the fair market value of an employer-provided automobile first made available to any employee for personal use after 1988 is to be adjusted in accordance with § 280F(d)(7). Accordingly, the 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. *See*, section 4.02(1) of this revenue procedure. The new car component of the CPI was 115.2 for October 1987 and 138.6 for October 2000. The October 2000 index exceeded the October 1987 index by 23.4. The Internal Revenue Service has, therefore, determined that the adjustment for 2001 is 20.31 percent (23.4/115.2 x 100%). This adjustment is applicable to all employer-provided auto-

mobiles first made available to any employee for personal use in calendar year 2001. The maximum fair market value specified in § 1.61-21(e)(1)(iii)(A) must therefore be multiplied by a factor of 0.2031, and the resulting increase, after rounding to the nearest \$100, is added to \$12,800 to give the maximum value for calendar year 2001.

(2) *The Maximum Automobile Value.* For automobiles first made available in calendar year 2001 to any employee of the employer for personal use, the vehicle cents-per-mile valuation rule may be applicable if the fair market value of the automobile on the date it is first made available does not exceed \$15,400.

#### SECTION 5. EFFECTIVE DATE

This revenue procedure applies to automobiles (other than leased automobiles) that are first placed in service during calendar year 2001, to leased automobiles

that are first leased during calendar year 2001, and to employer-provided automobiles first made available to employees for personal use in calendar year 2001.

#### DRAFTING INFORMATION

The principal author of this revenue procedure is Bernard P. Harvey of the Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding the depreciation limitations and lessee inclusion amounts in this revenue procedure, contact Mr. Harvey at (202) 622-3110; for further information regarding the maximum automobile value for applying the vehicle cents-per-mile valuation rule, contact Ms. Lynne Camillo of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities) at (202) 622-6040 (not toll-free calls).