

Subject Section 179 subtraction and like-kind exchanges

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Overview

H.F. 3882 would provide full, retroactive conformity to section 179, for property acquired in a like-kind exchange of property on which a gain is no longer deferrable due to federal tax changes in 2017 under the Tax Cut and Jobs Act (TCJA). To accomplish this, the bill would carve out the no longer deferrable property from the state's current five-year add-back for the federal section 179 deduction.

Summary

Section	Description
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1	Section 179 expensing.
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For individuals, section 1 creates an exception to the state's five-year add-back for the section 179 deduction, for "depreciable property." Depreciable property is further defined as (1) property that qualifies for a depreciation deduction under section 167 of the Internal Revenue Code and (2) property that was deferrable under the pre-TCJA like-kind exchange rules but that is no longer deferrable.

Effective date: Retroactive for property placed in service beginning in 2018.

2	Section 179 expensing.
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Creates the same exception in section 1 for corporate filers.

Effective date: Retroactive for property placed in service beginning in 2018.