# Faster write-off for heavy sport utility vehicles (SUVs)

The car you own and use for business is subject to more restrictive depreciation rules than those that apply to other depreciable assets. For example, a car used for business is treated as five-year property under the depreciation rules, which normally would entitle you to a deduction of 20% of the depreciable basis of the car (its cost for tax purposes) in the year you place it in service. However, under the so-called "luxury auto" rules, depreciation deductions are artificially capped. For example, if you bought a business auto and placed it in service in 2001, your combined depreciation and expensing deduction for it for 2001 couldn't exceed $3,060, regardless of the cost of the car.

If you're thinking of getting a new business auto, you may be better off taxwise if you buy one of those popular sport utility vehicles (SUVs) instead of a car. That's because the annual depreciation and expensing caps don't apply to trucks or vans (and that includes SUVs) that are rated at more than 6,000 pounds gross (loaded) vehicle weight. So, for example, if you bought one of those heavy SUVs in 2001 for $35,000, and use it 100% for business, you could write off $26,200 of its cost on the 2001 return (that assumes you're eligible to use the full $24,000 "expensing" amount on the SUV, plus you get $2,200 of regular depreciation)—that's almost 75% of the cost. However, if your business use of the vehicle doesn't exceed 50% of total use, then the heavy SUV would have to be depreciated via straight line and wouldn't be eligible for expensing.