

100 % Bonus Depreciation

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The Department of Revenue has announced (Corporation Tax Bulletin 2011-01, February 24, 2011) that businesses claiming 100% bonus depreciation on their federal tax returns pursuant to the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 may also claim this benefit for purposes of Pennsylvania corporation taxes. The Department's announcement is in line with previous interpretations of the Tax Reform Code's decoupling provisions, which permitted corporations to recoup any unclaimed bonus depreciation once the property is fully depreciated for federal income tax purposes. Because the Act of 2010 provides for bonus depreciation equal to 100% of the depreciable cost, a property placed into service during the bonus period will be fully depreciated this year, and therefore may also be fully depreciated for purposes of Pennsylvania corporation taxes.

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