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From: [REDACTED]

Sent: Tuesday, September 1, 2020 10:27:35 AM

To: [REDACTED]

Cc:

Bcc:

Subject: RE: Request for National Office Assistance - POSTF-115960-20

Hi . This email responds to your question about the recovery period for solar energy systems for determining whether such property is eligible for the additional first year depreciation deduction under section 168(k) (bonus depreciation). Section 168(e)(3)(B)(vi)(I) defines property classified as 5-year property to include any property described in section 48(a)(3)(A), with minor modifications not relevant in this case. Section 48(a)(3)(A) includes equipment which uses solar energy for certain purposes. Section 168(c) provides that for property classified as 5-year property, the applicable recovery period is 5 years. Pursuant to section 168(k)(2)(A)(i)(I), one of the requirements to be eligible for bonus depreciation, as amended by the TCJA, is that the property must have a recovery period of 20 years or less under section 168. Section 1.168(k)-2(b)(2)(i)(A) provides, in relevant part, that the recovery period is determined in accordance with section 168(c) regardless of any election made by the taxpayer under section 168(g)(7). Accordingly, if the solar energy system at issue is described in section 48(a)(3)(A), it will have a 5 year recovery period under section 168(c) and would meet the requirement under section 168(k)(2)(A)(i)(I) that the property must have a recovery period of 20 years or less. As you requested, this response does not address any other requirements that must be met to be qualified property for bonus depreciation.