

26 CFR 601.602: Tax forms and instructions.
(Also Part I, §§ 62, 132, 179)

Rev. Proc. 2016-14

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SECTION 1. PURPOSE

Rev. Proc. 2015-53, 2015-44 I.R.B. 615, provides inflation adjustments for certain items for 2016. This revenue procedure provides the inflation adjustments for additional items that are adjusted for inflation due to the enactment of the Protecting Americans from Tax Hikes Act (PATH Act) of 2015, enacted as part of the Consolidated

Appropriations Act, 2016, Public Law 114-113, div. Q (the “Act”). This revenue procedure also modifies part of section 3.17 of Rev. Proc. 2015-53, concerning the inflation adjustment for excludable transit benefits.

SECTION 2. BACKGROUND

.01 Section 104 of the Act provides that under § 62(a)(2)(D) of the Internal Revenue Code the amount of the deduction allowed under § 162 which consists of expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom is adjusted for inflation for taxable years beginning after December 31, 2015. (See section 3.01 of this revenue procedure.)

.02 Section 105 of the Act amends § 132(f)(2) of the Code to create parity, for periods after December 31, 2014, between the transit benefit exclusion for the aggregate of transportation in a commuter highway vehicle and any transit pass, and the exclusion for qualified parking. (See section 3.02 of this revenue procedure.)

.03 Section 124 of the Act amends § 179(b)(1) and (2) of the Code to provide that the dollar limitation for the aggregate cost of § 179 property that a taxpayer may elect to expense is \$500,000, and that dollar amount is reduced by the amount by which the cost of all § 179 property placed in service during the taxable year exceeds \$2,000,000. For taxable years beginning in 2016, these amounts are adjusted for inflation. (See section 3.03 of this revenue procedure.)

SECTION 3. 2016 ADDITIONAL INFLATION ADJUSTED ITEMS

.01 Certain Expenses of Elementary and Secondary School Teachers. For taxable years beginning in 2016, under § 62(a)(2)(D) the amount of the deduction allowed under § 162 which consists of expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom is not in excess of \$250.

.02 Qualified Transportation Fringe Benefit. For taxable years beginning in 2016, the monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is \$255. This section modifies section 3.17 of Rev. Proc. 2015-53. (For taxable years beginning in 2015, see Notice 2016-6, 2016-4 I.R.B 287, *Application of Retroactive Increase in Excludable Transit Benefits.*)

.03 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2016, under § 179(b)(1) the aggregate cost of any § 179 property that a taxpayer elects to treat as an expense cannot exceed \$500,000. Under § 179(b)(2)(C), the \$500,000 limitation is reduced (but not below zero) by the amount the cost of § 179 property placed in service during the 2016 taxable year exceeds \$2,010,000.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2015-53 is modified.

SECTION 5. EFFECTIVE DATES

Section 3 of this revenue procedure applies to taxable years beginning in 2016.

SECTION 6. DRAFTING INFORMATION

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