

by such Secretary as eligible for trust land status under 25 CFR Part 151 (as in effect on the date of the enactment of this sentence).

168(j)(7)COORDINATION WITH NONREVENUE LAWS.— Any reference in this subsection to a provision not contained in this title shall be treated for purposes of this subsection as a reference to such provision as in effect on the date of the enactment of this paragraph.

168(j)(8)TERMINATION.— This subsection shall not apply to property placed in service after December 31, 2011.

168(k)SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER DECEMBER 31, 2007, AND BEFORE JANUARY 1, 2013.—

168(k)(1)ADDITIONAL ALLOWANCE.— In the case of any qualified property—

168(k)(1)(A) the depreciation deduction provided by [section 167\(a\)](#) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of the qualified property, and

168(k)(1)(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

168(k)(2)QUALIFIED PROPERTY.— For purposes of this subsection—

168(k)(2)(A)IN GENERAL.— The term “qualified property” means property—

168(k)(2)(A)(i)(I) to which this section applies which has a recovery period of 20 years or less,

168(k)(2)(A)(i)(II) which is computer software (as defined in [section 167\(f\)\(1\)\(B\)](#)) for which a deduction is allowable under [section 167\(a\)](#) without regard to this subsection,

168(k)(2)(A)(i)(III) which is water utility property, or

168(k)(2)(A)(i)(IV) which is qualified leasehold improvement property,

168(k)(2)(A)(ii) the original use of which commences with the taxpayer after December 31, 2007,

168(k)(2)(A)(iii) which is—

168(k)(2)(A)(iii)(I) acquired by the taxpayer after December 31, 2007, and before January 1, 2013, but only if no written binding contract for the acquisition was in effect before January 1, 2008, or

168(k)(2)(A)(iii)(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after December 31, 2007, and before January 1, 2013, and

168(k)(2)(A)(iv) which is placed in service by the taxpayer before January 1, 2013, or, in the case of property described in subparagraph (B) or (C), before January 1, 2014.

168(k)(2)(B)CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

168(k)(2)(B)(i)IN GENERAL.— The term “qualified property” includes any property if such property —

168(k)(2)(B)(i)(I) meets the requirements of clauses (i), (ii), (iii), and (iv) of subparagraph (A),

168(k)(2)(B)(i)(II) has a recovery period of at least 10 years or is transportation property,

168(k)(2)(B)(i)(III) is subject to [section 263A](#), and

168(k)(2)(B)(i)(IV) meets the requirements of clause (iii) of [section 263A\(f\)\(1\)\(B\)](#) (determined as if such clauses also apply to property which has a long useful life (within the meaning of [section 263A\(f\)](#))).

168(k)(2)(B)(ii) ONLY PRE-JANUARY 1, 2013, BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.— In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before January 1, 2013.

168(k)(2)(B)(iii) TRANSPORTATION PROPERTY.— For purposes of this subparagraph, the term “transportation property” means tangible personal property used in the trade or business of transporting persons or property.

168(k)(2)(B)(iv) APPLICATION OF SUBPARAGRAPH.— This subparagraph shall not apply to any property which is described in subparagraph (C).

168(k)(2)(C) CERTAIN AIRCRAFT.— The term “qualified property” includes property—

168(k)(2)(C)(i) which meets the requirements of clauses (ii), (iii), and (iv) of subparagraph (A),

168(k)(2)(C)(ii) which is an aircraft which is not a transportation property (as defined in subparagraph (B)(iii)) other than for agricultural or firefighting purposes,

168(k)(2)(C)(iii) which is purchased and on which such purchaser, at the time of the contract for purchase, has made a nonrefundable deposit of the lesser of—

168(k)(2)(C)(iii)(I) 10 percent of the cost, or

168(k)(2)(C)(iii)(II) \$100,000, and

168(k)(2)(C)(iv) which has—

168(k)(2)(C)(iv)(I) an estimated production period exceeding 4 months, and

168(k)(2)(C)(iv)(II) a cost exceeding \$200,000.

168(k)(2)(D) EXCEPTIONS.—

168(k)(2)(D)(i) ALTERNATIVE DEPRECIATION PROPERTY.— The term “qualified property” shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

168(k)(2)(D)(i)(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

168(k)(2)(D)(i)(II) after application of [section 280F\(b\)](#) (relating to listed property with limited business use).

168(k)(2)(D)(ii) QUALIFIED NEW YORK LIBERTY ZONE LEASEHOLD IMPROVEMENT PROPERTY.— The term “qualified property” shall not include any qualified New York Liberty Zone leasehold improvement property (as defined in [section 1400L\(c\)\(2\)](#)).

168(k)(2)(D)(iii)ELECTION OUT.— If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

168(k)(2)(E)SPECIAL RULES.—

168(k)(2)(E)(i)SELF-CONSTRUCTED PROPERTY.— In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after December 31, 2007, and before January 1, 2013.

168(k)(2)(E)(ii)SALE-LEASEBACKS.— For purposes of clause (iii) and subparagraph (A)(ii), if property is—

168(k)(2)(E)(ii)(I) originally placed in service after December 31, 2007, by a person, and

168(k)(2)(E)(ii)(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

168(k)(2)(E)(iii)SYNDICATION.— For purposes of subparagraph (A)(ii), if—

168(k)(2)(E)(iii)(I) property is originally placed in service after December 31, 2007, by the lessor of such property,

168(k)(2)(E)(iii)(II) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in service does not exceed 12 months), and

168(k)(2)(E)(iii)(III) the user of such property after the last sale during such 3-month period remains the same as when such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date of such last sale.

168(k)(2)(E)(iv)LIMITATIONS RELATED TO USERS AND RELATED PARTIES.— The term "qualified property" shall not include any property if—

168(k)(2)(E)(iv)(I) the user of such property (as of the date on which such property is originally placed in service) or a person which is related (within the meaning of [section 267\(b\)](#) or [707\(b\)](#)) to such user or to the taxpayer had a written binding contract in effect for the acquisition of such property at any time on or before December 31, 2007, or

168(k)(2)(E)(iv)(II) in the case of property manufactured, constructed, or produced for such user's or person's own use, the manufacture, construction, or production of such property began at any time on or before December 31, 2007.

168(k)(2)(F)COORDINATION WITH [SECTION 280F](#).— For purposes of [section 280F](#)—

168(k)(2)(F)(i)AUTOMOBILES.— In the case of a passenger automobile (as defined in [section 280F\(d\)\(5\)](#)) which is qualified property, the Secretary shall increase the limitation under [section 280F\(a\)\(1\)\(A\)\(i\)](#) by \$8,000.

168(k)(2)(F)(ii) LISTED PROPERTY.— The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under [section 280F\(b\)\(2\)](#).

168(k)(2)(G) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.— For purposes of determining alternative minimum taxable income under [section 55](#), the deduction under subsection (a) for qualified property shall be determined under this section without regard to any adjustment under [section 56](#).

168(k)(3) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.— For purposes of this subsection—

168(k)(3)(A) IN GENERAL.— The term “qualified leasehold improvement property” means any improvement to an interior portion of a building which is nonresidential real property if—

168(k)(3)(A)(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

168(k)(3)(A)(i)(I) by the lessee (or any sublessee) of such portion, or

168(k)(3)(A)(i)(II) by the lessor of such portion,

168(k)(3)(A)(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

168(k)(3)(A)(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

168(k)(3)(B) CERTAIN IMPROVEMENTS NOT INCLUDED.— Such term shall not include any improvement for which the expenditure is attributable to—

168(k)(3)(B)(i) the enlargement of the building,

168(k)(3)(B)(ii) any elevator or escalator,

168(k)(3)(B)(iii) any structural component benefiting a common area, and

168(k)(3)(B)(iv) the internal structural framework of the building.

168(k)(3)(C) DEFINITIONS AND SPECIAL RULES.— For purposes of this paragraph—

168(k)(3)(C)(i) COMMITMENT TO LEASE TREATED AS LEASE.— A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

168(k)(3)(C)(ii) RELATED PERSONS.— A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term “related persons” means—

168(k)(3)(C)(ii)(I) members of an affiliated group (as defined in [section 1504](#)), and

168(k)(3)(C)(ii)(II) persons having a relationship described in subsection (b) of [section 267](#); except that, for purposes of this clause, the phrase “80 percent or more” shall be substituted for the phrase “more than 50 percent” each place it appears in such subsection.

168(k)(4) ELECTION TO ACCELERATE THE AMT AND RESEARCH CREDITS IN LIEU OF BONUS DEPRECIATION.—

168(k)(4)(A) IN GENERAL.— If a corporation elects to have this paragraph apply for the first taxable year of the taxpayer ending after March 31, 2008, in the case of such taxable year and each subsequent taxable year—