

## Heavy Vehicles

As you have probably heard, businesses can claim substantial deductions for a heavy (over 6,000 pounds gross vehicle weight) SUVs and other vehicles used in the business.

For heavy SUVs, the business can deduct up to \$25,000 of the SUV's cost in the year it is purchased. Also, the rules that limit the amount of annual depreciation allowed on passenger automobiles do not apply to heavy SUVs. This means the remaining cost of the heavy for can be written off over five years.

All this can add up to a substantial first-year deduction. For example, the maximum first-year depreciation deduction for a \$45,000 heavy SUV placed in service during 2006 and used 100% for business will generally be \$29,000 [\$25,000 expense deduction + \$4,000 MACRS deduction]. The maximum first-year depreciation deduction for a \$45,000 passenger auto placed in service during 2006 and used 100% for business will only be about \$3,000.

A heavy SUV is a passenger vehicle with an enclosed body that's built on a truck chassis that has a gross vehicle weight rating—the manufacturer's maximum weight rating when loaded to capacity—above 6,000 and less than 14,001 pounds. However, a vehicle that otherwise meets this definition is not classified as an SUV if:

- It is equipped with a cargo area of at least six feet in interior length. The cargo area cannot be readily accessible directly from the passenger compartment, but it can be either open or enclosed by a cab. Many pickups with full-size cargo beds will qualify for this exception, but "quad cabs" and "extended cabs" with shorter cargo beds may not qualify. So when you go to the dealership, be sure to pack a tape measure.
- It can seat more than nine passengers behind the driver's seat, such as hotel shuttle vans.
- It has an integral enclosure that fully encloses the driver's compartment and load carrying device, does not have seating behind the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield, such as delivery vans.

For these heavy non-SUVs, the full expensing deduction (\$108,000 for 2006) is available. This means that businesses will often be able to write off the full cost of the vehicle in the year it is purchased.

As you can see, the deductions for purchasing a heavy SUV (or non-SUV) for use in your business can be substantial. Attached is a list of vehicles (SUVs and non-SUVs) qualifying for larger deductions. If you would like more details, please do not hesitate to call.

## Vehicles with GVWRs above 6,000 Pounds<sup>1</sup>[1]

**Audi**  
Q7 SUV

**BMW**  
X5 SUV

**Cadillac**  
Escalade SUV  
Escalade EXT pickup

**Chevrolet**  
Avalanche pickup  
Express Van (both cargo and passenger models)  
Silverado pickup  
Suburban SUV  
Tahoe SUV

**Chrysler**  
Aspen SUV

**Dodge**  
Dakota Club Cab  
Dakota Quad Cab  
Durango SUV  
Ram pickup

**Ford**  
Econoline E150 and E350  
Explorer SUV (limited models)  
Expedition SUV  
F150 pickup  
F250 pickup  
F350 pickup

**GMC**  
Envoy SUV Denali  
Savana van (both cargo and passenger models)

**Infinity**  
QX56 SUV<sup>2</sup>

**Isuzu**  
Ascender SUV (7-passenger)<sup>2</sup>

**Jeep**  
Commander SUV  
Grand Cherokee SUV

**Land Rover**  
LR3 SUV<sup>2</sup>  
Range Rover SUV<sup>2</sup>

**Lexus**  
GX470 SUV  
LX470 SUV

**Lincoln**  
Navigator SUV

**Mercedes**  
GL Class SUV  
M Class SUV

**Nissan**  
Armada SUV  
Titan pickup

**Porsche**  
Cayenne SUV<sup>2</sup>

**Saab**  
9-7x 5.3i SUV

**Toyota**  
Land Cruiser SUV  
Sequoia SUV  
Tundra pickup (limited models)<sup>2</sup>

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**1** All are 2007 models unless otherwise indicated. This list is only as accurate as the information available on the date of publication from the above source. Be sure to verify GVWRs before making buying decisions. The GVWR number can usually be found on an embossed label attached to the inside edge of the driver's side door.

**2** GVWR not yet posted for 2007 model, but it will probably be above 6,000 pounds based on GVWR for 2006 model.

Sierra pickup  
Yukon SUV

**Honda**  
Ridgeline pickup

**Hummer**  
H1  
H2

**Volkswagen**  
Touareg SUV

**Volvo**  
XC90 SUV

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