

## Reg. Section 1.168(i)-7(b)

Accounting for MACRS property.

(a) In general. A taxpayer may account for MACRS property (as defined in § 1.168(b)-1(a)(2)) by treating each individual asset as an account (a "single asset account" or an "item account") or by combining two or more assets in a single account (a "multiple asset account" or a "pool"). A taxpayer may establish as many accounts for MACRS property as the taxpayer wants. This section does not apply to assets included in general asset accounts. For rules applicable to general asset accounts, see § 1.168(i)-1, § 1.168(i)-1T, or Prop. Reg. § 1.168(i)-1 (September 19, 2013), as applicable.



(b) Required use of single asset accounts. A taxpayer must account for an asset in a single asset account if the taxpayer uses the asset both in a trade or business (or for the production of income) and in a personal activity, or if the taxpayer places in service and disposes of the asset during the same taxable year. Also, if general asset account treatment for an asset terminates under § 1.168(i)-1T(c)(1)(ii)(A), (e)(3)(iii), (e)(3)(vii), (g), or (h)(2) or Prop. Reg. § 1.168(i)-1(c)(1)(ii)(A), (e)(3)(iii), (e)(3)(vii), (g), or (h)(2) (September 19, 2013), as applicable, the taxpayer must account for the asset in a single asset account beginning in the taxable year in which the general asset account treatment for the asset terminates. If a taxpayer accounts for an asset in a multiple asset account or a pool and the taxpayer disposes of the asset, the taxpayer must account for the asset in a single asset account beginning in the taxable year in which the disposition occurs. See § 1.168(i)-8T(g)(2)(i) or Prop. Reg. § 1.168(i)-8(h)(2)(i) (September 19, 2013), as applicable. If a taxpayer disposes of a component of a larger asset and the unadjusted depreciable basis of the disposed of component is included in the unadjusted depreciable basis of the larger asset, the taxpayer must account for the component in a single asset account beginning in the taxable year in which the disposition occurs. See Prop. Reg. § 1.168(i)-8(g)(3)(i) (September 19, 2013).

(c) Establishment of multiple asset accounts or pools --(1) Assets eligible for multiple asset accounts or pools. Except as provided in paragraph (b) of this section, assets that are subject to either the general depreciation system of section 168(a) [26 USCS § 168(a)] or the alternative depreciation system of section 168(g) [26 USCS § 168(g)] may be accounted for in one or more multiple asset accounts or pools.

(2) Grouping assets in multiple asset accounts or pools --(i) General rules. Assets that are eligible to be grouped into a single multiple asset account or pool may be divided into more than one multiple asset account or pool. Each multiple asset account or pool must include only assets that--

- (A) Have the same applicable depreciation method;
- (B) Have the same applicable recovery period;
- (C) Have the same applicable convention; and
- (D) Are placed in service by the taxpayer in the same taxable year.

(ii) Special rules. In addition to the general rules in paragraph (c)(2)(i) of this section, the following rules apply when establishing multiple asset accounts or pools--

(A) Assets subject to the mid-quarter convention may only be grouped into a multiple asset account or pool with assets that are placed in service in the same quarter of the taxable year;

(B) Assets subject to the mid-month convention may only be grouped into a multiple asset account or pool with assets that are placed in service in the same month of the taxable year;

(C) Passenger automobiles for which the depreciation allowance is limited under section 280F(a) [26 USCS § 280F(a)] must be grouped into a separate multiple asset account or pool;

(D) Assets not eligible for any additional first year depreciation deduction (including assets for which the taxpayer elected not to deduct the additional first year depreciation) provided by, for example, section 168(k) through (n), 1400L(b), or 1400N(d) [26 USCS § 168(k) through (n), 1400L(b), or 1400N(d)], must be grouped into a separate multiple asset account or pool;

(E) Assets eligible for the additional first year depreciation deduction may only be grouped into a multiple asset account or pool with assets for which the taxpayer claimed the same percentage of the additional first year depreciation (for example, 30 percent, 50 percent, or 100 percent);

(F) Except for passenger automobiles described in paragraph (c)(2)(ii)(C) of this section, listed property (as defined in section 280F(d)(4) [26 USCS § 280F(d)(4)]) must be grouped into a separate multiple asset account or pool;

(G) Assets for which the depreciation allowance for the placed-in-service year is not determined by using an optional depreciation table (for further guidance, see section 8 of *Rev. Proc. 87-57, 1987-2 CB 687, 693* (see § 601.601(d)(2) of this chapter)) must be grouped into a separate multiple asset account or pool; and

(H) Mass assets (as defined in § 1.168(i)-8T(b)(2) or Prop. Reg. § 1.168(i)-8(b)(3) (September 19, 2013), as applicable) that are or will be subject to § 1.168(i)-8T(f)(2)(iii) or Prop. Reg. § 1.168(i)-8(g)(2)(iii) (September 19, 2013), as applicable, (disposed of or converted mass asset is identified by a mortality dispersion table) must be grouped into a separate multiple asset account or pool.

(d) Cross references. See § 1.167(a)-7(c) for the records to be maintained by a taxpayer for each account. In addition, see § 1.168(i)-1(1)(3) for the records to be maintained by a taxpayer for each general asset account.

(e) Effective/applicability date --(1) In general. This section applies to taxable years beginning on or after January 1, 2014.

(2) Early application of this section. A taxpayer may choose to apply the provisions of this section to taxable years beginning on or after January 1, 2012.

(3) Optional application of *TD 9564*. A taxpayer may choose to apply § 1.168(i)-7T as contained in *TD 9564 (76 FR 81060)* December 27, 2011, to taxable years beginning on or after January 1, 2012, and before January 1, 2014.

(4) Change in method of accounting. A change to comply with this section for depreciable assets placed in service in a taxable year ending on or after December 30, 2003, is a change in method of accounting to which the provisions of section 446(e) [26 USCS § 446(e)] and the regulations under section 446(e) [26 USCS § 446(e)] apply. A taxpayer also may treat a change to comply with this section for depreciable assets placed in service in a taxable year ending before

December 30, 2003, as a change in method of accounting to which the provisions of section 446(e) [26 USCS § 446(e)] and the regulations under section 446(e) [26 USCS § 446(e)] apply.