

Act of 1978 [Pub. L. 95-600] to which such amendment relates.”]

#### EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1976, and to credit carrybacks from such years, see section 202(e) of Pub. L. 95-30, set out as a note under section 51 of this title.

#### TIME AND FORM OF CERTAIN ELECTIONS UNDER SUBSECTION (c)(3)

Pub. L. 101-239, title VII, §7814(e)(2)(B), Dec. 19, 1989, 103 Stat. 2413, provided that: “In the case of a taxable year for which the last date for making the election under section 280C(c)(3) of the Internal Revenue Code of 1986 (as added by subparagraph (A)) is on or before the date which is 75 days after the date of the enactment of this Act [Dec. 19, 1989], such an election for such year may be made—

“(i) at any time before the date which is 75 days after such date of enactment, and

“(ii) in such form and manner as the Secretary of the Treasury or his delegate may prescribe.”

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101-1147 and 1171-1177] or title XVIII [§§ 1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

#### **§ 280D. Repealed. Pub. L. 100-418, title I, § 1941(b)(4)(A), Aug. 23, 1988, 102 Stat. 1324]**

Section, added Pub. L. 96-499, title XI, §1131(d)(1), Dec. 5, 1980, 94 Stat. 2693, related to portion of chapter 45 windfall profit tax on domestic crude oil for which credit or refund was allowable under section 6429.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to crude oil removed from the premises on or after Aug. 23, 1988, see section 1941(c) of Pub. L. 100-418, set out as an Effective Date of 1988 Amendment note under section 164 of this title.

#### **§ 280E. Expenditures in connection with the illegal sale of drugs**

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

(Added Pub. L. 97-248, title III, §351(a), Sept. 3, 1982, 96 Stat. 640.)

#### REFERENCES IN TEXT

The Controlled Substances Act, referred to in text, is title II of Pub. L. 91-513, Oct. 27, 1970, 84 Stat. 1242, as amended, which is classified principally to subchapter I (§801 et seq.) of chapter 13 of Title 21, Food and Drugs. Schedules I and II are set out in section 812 of Title 21. For complete classification of this Act to the Code, see Short Title note set out under section 801 of Title 21 and Tables.

#### EFFECTIVE DATE

Pub. L. 97-248, title III, §351(c), Sept. 3, 1982, 96 Stat. 640, provided that: “The amendments made by this sec-

tion [enacting this section] shall apply to amounts paid or incurred after the date of the enactment of this Act [Sept. 3, 1982] in taxable years ending after such date.”

#### **§ 280F. Limitation on depreciation for luxury automobiles; limitation where certain property used for personal purposes**

##### **(a) Limitation on amount of depreciation for luxury automobiles**

###### **(1) Depreciation**

###### **(A) Limitation**

The amount of the depreciation deduction for any taxable year for any passenger automobile shall not exceed—

(i) \$2,560 for the 1st taxable year in the recovery period,

(ii) \$4,100 for the 2nd taxable year in the recovery period,

(iii) \$2,450 for the 3rd taxable year in the recovery period, and

(iv) \$1,475 for each succeeding taxable year in the recovery period.

###### **(B) Disallowed deductions allowed for years after recovery period**

###### **(i) In general**

Except as provided in clause (ii), the unrecovered basis of any passenger automobile shall be treated as an expense for the 1st taxable year after the recovery period. Any excess of the unrecovered basis over the limitation of clause (ii) shall be treated as an expense in the succeeding taxable year.

###### **(ii) \$1,475 limitation**

The amount treated as an expense under clause (i) for any taxable year shall not exceed \$1,475.

###### **(iii) Property must be depreciable**

No amount shall be allowable as a deduction by reason of this subparagraph with respect to any property for any taxable year unless a depreciation deduction would be allowable with respect to such property for such taxable year.

###### **(iv) Amount treated as depreciation deduction**

For purposes of this subtitle, any amount allowable as a deduction by reason of this subparagraph shall be treated as a depreciation deduction allowable under section 168.

##### **(C) Special rule for certain clean-fuel passenger automobiles**

###### **(i) Modified automobiles**

In the case of a passenger automobile which is propelled by a fuel which is not a clean-burning fuel and to which is installed qualified clean-fuel vehicle property (as defined in section 179A(c)(1)(A)) for purposes of permitting such vehicle to be propelled by a clean burning fuel (as defined in section 179A(e)(1)), subparagraph (A) shall not apply to the cost of the installed qualified clean burning vehicle property.

###### **(ii) Purpose built passenger vehicles**

In the case of a purpose built passenger vehicle (as defined in section