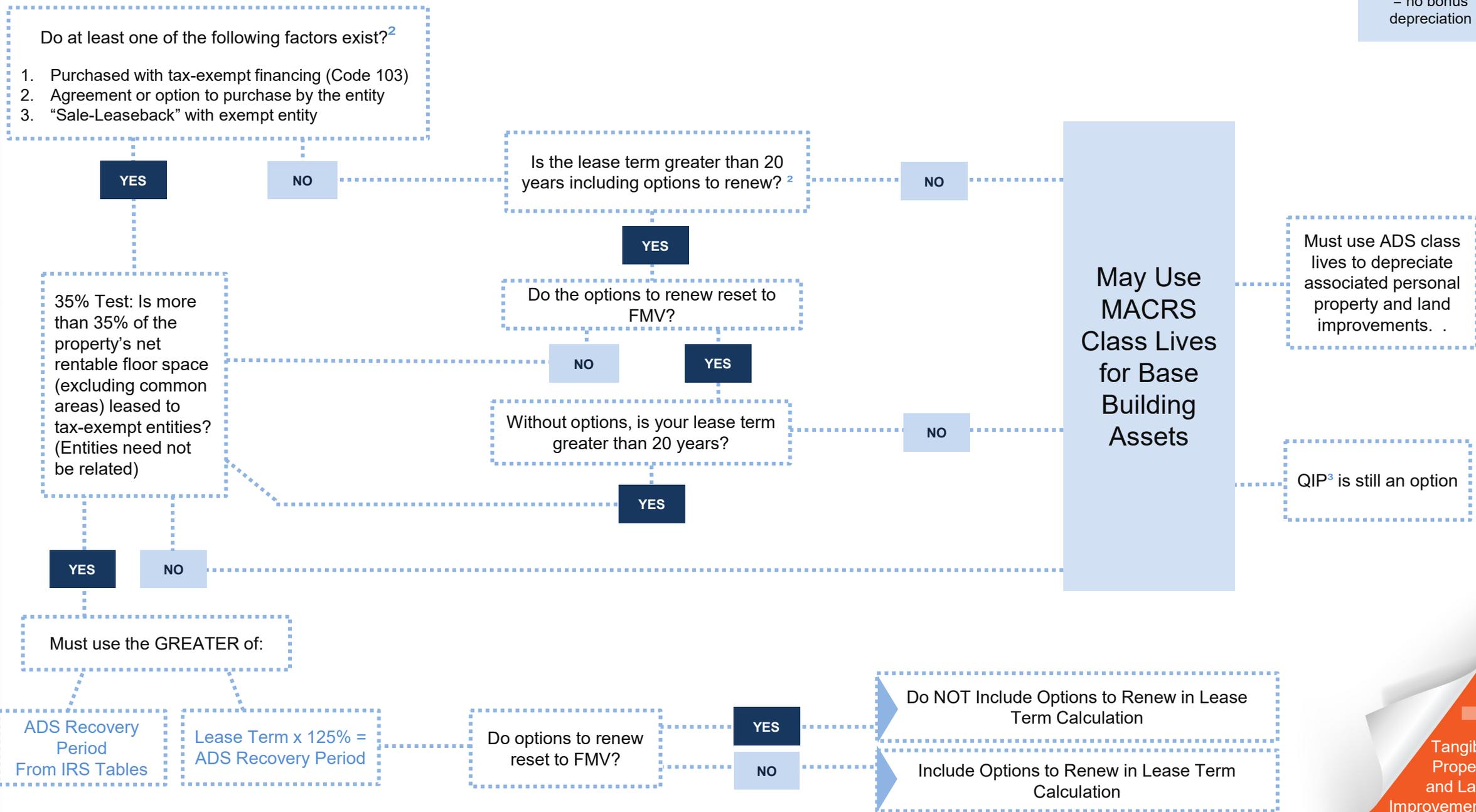
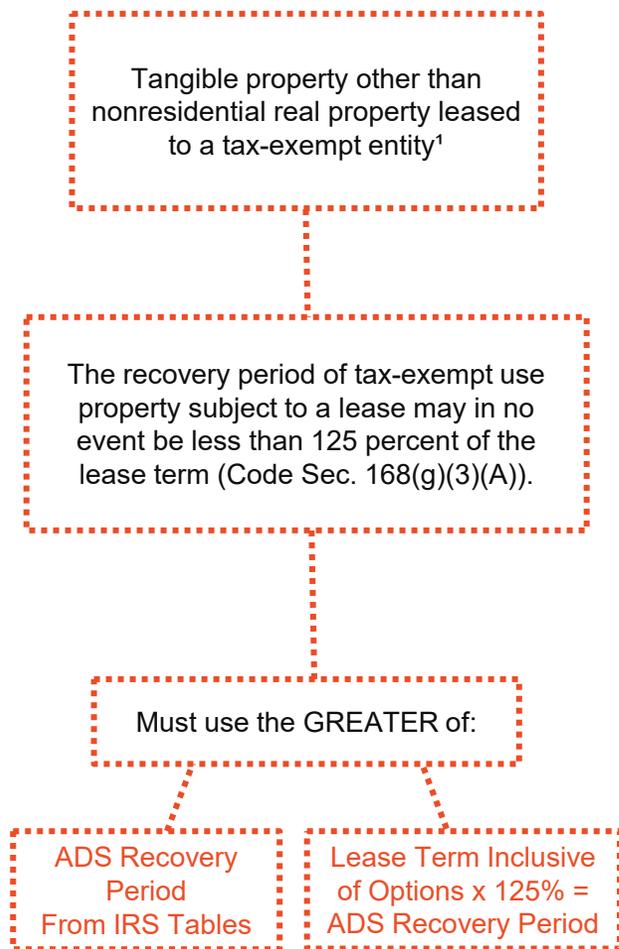


Mandatory ADS  
= no bonus  
depreciation



→ Tangible Property and Land Improvements

Mandatory ADS  
= no bonus  
depreciation



## Supplemental Information

### 1 A tax-exempt entity is defined as (Code Sec. 168(h)(2)):

1. The United States, any State or political subdivision, any possession of the United States, or any agency or instrumentality of the preceding; (government)
2. Any organization (other than a Code Sec. 521 farmer's cooperative) exempt from U.S. income tax; and (charity)
3. Any foreign person or entity unless more than half of the gross income derived from the use is taxable or passed through to a U.S. shareholder under Code Sec. 951 rules relating to controlled foreign Corporations (Code Sec. 168(h)(2)).
4. Indian tribal governments

### 2 Disqualified Lease

1. The lease term is more than 20 years
2. All or part of the property was financed (directly or indirectly) by an obligation the interest on which is exempt from federal income tax under Code Sec. 103, and the tax-exempt entity (or a related entity) participated in the financing.
3. Under the lease there is either (a) a fixed or determinable price purchase or sale option which involves the tax-exempt entity (or a related entity), or (b) the equivalent of such an option.
4. The lease is the result of a "sale-leaseback."

### 3 QIP: Qualified Improvement Property

Generally, any improvement to an interior portion of a building which is nonresidential real property if the improvement is placed-in-service after the date the building was first placed-in-service by any taxpayer.

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