TAXABLE YEAR

2022

S Corporation Depreciation and Amortization

CALIFORNIA SCHEDULE

B (100S)

For use by S corporations only. Attach to Form 100S.

Corporation name	California corporation number

Part I Depreciation. Use additional sheets if necessary.

1 Enter federal depreciation from federal Form 4562, line 22.
IRC Section 179 expense deduction is not included on this line. Get federal Form 4562 instructions . . . . . 1 | 00

California depreciation:

	(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Depreciation allowed or allowable in earlier years	(e) Depreciation method	(f) Life or rate	(g) Depreciation for this year
2							

3	Add the amounts on line 2, column (g)	3	00
4	Subtract line 3 from line 1. If negative, use brackets. Enter here and on the applicable line of Form 100S, Side 6, Schedule K.	4	00
5	Enter IRC Section 179 expense deduction here and on Form 100S, Side 2, line 12. Do not enter more than $25,000	5	00

Part II Amortization. Use additional sheets if necessary.

1 Enter federal amortization from federal Form 4562, line 44 . . . . . 1 | 00

California amortization:

	(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Amortization allowed or allowable in earlier years	(e) Code Section	(f) Period or percentage	(g) Amortization for this year
2							

3	Add the amounts on line 2, column (g)	3	00
4	California amortization adjustment. Subtract line 3 from line 1. If negative, use brackets. Enter here and on the applicable line of Form 100S, Side 6, Schedule K	4	00

Part III Depreciation and Amortization Adjustment

1	Combine the amounts on Part I, line 4, and Part II, line 4. Enter here (if negative, use brackets) and on Form 100S, Side 1, line 5. For passive activities, see instructions.	1	00

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to **ftb.ca.gov** and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540), California Adjustments – Residents, or Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

A Purpose

Use Schedule B (100S), S Corporation Depreciation and Amortization, to calculate depreciation and amortization for California tax purposes.

S corporations must continue calculating the California depreciation deduction for assets placed in service before January 1, 1987, in the same manner as in prior years. The following were the most common methods used to calculate depreciation for years prior to 1987:

- Straight-line
- Declining balance
- Sum-of-the-years digits

For assets placed in service in 1987 and after, S corporations may use the same method for California as was used for federal purposes.

Depreciation for S corporations follows the depreciation rules provided under California Personal Income Tax Law. Unlike other corporations, an S corporation is allowed to compute depreciation using the Modified Accelerated Cost Recovery System (MACRS).

B Federal/State Differences

Differences between federal and California laws affect the calculation of depreciation and amortization. The following lists are not intended to be all-inclusive of the federal and state conformities and differences. For more information, refer to the R&TC.

California law conforms to federal law for the following:

- The inclusion of sport utility vehicles (SUVs) and minivans built on a truck chassis in the definition of trucks and vans when applying the 6,000 pound gross weight limit.
- The useful life of seven years of any Alaska natural gas pipeline property.
- The income forecast method and the exemption of limits on depreciation for incremental costs of clean fuel vehicles.

California law **does not** conform to federal law for the following:

- The first-year depreciation deduction allowed for new luxury autos or certain passenger automobiles acquired and placed in service in 2010 through 2022.
- California **does not** conform to the federal modifications to depreciation limitations on luxury automobiles (IRC Section 280F).

  Depreciation limitations for passenger automobiles (that are not trucks or vans) placed in service in the calendar year 2022:

Tax Year	Amount
1st Tax Year	$3,460
2nd Tax Year	$5,600
3rd Tax Year	$3,350
Each Succeeding Year	$1,975

Depreciation limitations for trucks and vans placed in service in the calendar year 2022:

Tax Year	Amount
1st Tax Year	$3,960
2nd Tax Year	$6,300
3rd Tax Year	$3,750
Each Succeeding Year	$2,275

For lease inclusion indexing amounts, go to **ftb.ca.gov/forms/search** and enter **lease inclusion**.

- IRC Section 168(k) relating to the depreciation deduction for certain assets.
- The enhanced IRC Section 179 expensing election.
- The expanded definition of IRC Section 179 property for certain depreciable tangible personal property related to furnishing lodging and for qualified real property for improvements to nonresidential real property.
- IRC Section 613A(d)(4) relating to the exclusion of certain refiners.
- The federal changes regarding treatment of distribution costs and treatment of participations and residuals for purpose of computing depreciation under the income forecast method.
- For years prior to 1987, California did not allow depreciation under the federal accelerated cost recovery system (ACRS). California also does not allow depreciation under MACRS for assets placed in service while the S corporation was taxed as a C corporation. This is a change of accounting method for which the taxpayer must request the Franchise Tax Board's consent.
- The ten-year useful life for grapevines planted as replacements for vines subject to Phylloxera or Pierce's disease. California law allows a useful life of five years. See R&TC Section 17250 for additional information.

Specific Line Instructions

Part I – Depreciation

Election to Expense Certain Property Under IRC Section 179

The S corporation may elect to expense part of the cost of depreciable personal property used in the trade or business and certain other property described in federal Pub. 946, How to Depreciate Property. To do so, the S corporation must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during the taxable year, or have a carryover of unused cost from prior year. If the S corporation elects this deduction, it must reduce the California depreciable basis by the IRC Section 179 expense. The total IRC Section 179 expense deduction cannot exceed the S corporation's business income.

California law **does not** conform to the federal limitation amounts under IRC Section 179(b)(1) and (2). For California purposes, the maximum IRC Section 179 expense deduction allowed is $25,000. This amount is reduced if the cost of all IRC Section 179 property placed in service during the taxable year is more than $200,000.

Complete the Tangible Property Expense Worksheet below to figure the IRC Section 179 expense for California purposes. Include all assets qualifying for the deduction because the limit applies to **all** qualifying assets as a group rather than to each asset individually. Get federal Form 4562, Depreciation and Amortization, for more information.

IRC Section 195 Start-up Expenditures

California conforms to the federal deduction for business start-up and organizational costs.

Definitions

Listed Property – Use a format similar to federal Form 4562, Part V, line 26 to determine the elected IRC Section 179 cost of listed property. Listed property generally includes the following:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pick-up trucks, SUVs, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Computers or peripheral equipment.

Exception. Listed property generally does not include:

- Photographic, phonographic, communication, or video equipment used exclusively in the S corporation's trade or business.
- Any computer or peripheral equipment used exclusively at a regular business.
- An ambulance, hearse, or vehicle used for transporting persons or property for hire.

Listed property used 50% or less in business activity does **not** qualify for the IRC Section 179 expense deduction. For more information regarding listed property, get the instructions for federal Form 4562.

Business Income – The total cost the S corporation can deduct is limited to the S corporation's business income. For the purpose of the IRC Section 179 election, business income is the net income derived from the S corporation's active trade or business. Net income is from Form 100S, Side 2, line 14, before the IRC Section 179 expense deduction and excludes items not derived from a trade or business actively conducted by the S corporation.

Part II – Amortization

California conforms to the IRC Section 197 amortization of intangibles. Generally, assets that meet the definition under IRC Section 197 are amortized on a straight-line basis over 15 years. There may be differences in the federal and California amounts for intangible assets acquired in taxable years beginning prior to January 1, 1994. Refer to R&TC Section 17279 pursuant to R&TC Section 23802(f)(1) for more information.

Part III – Depreciation and Amortization Adjustment

If the S corporation has direct ownership of a passive activity, complete a separate Schedule B (100S), write "Passive Activity" on the top of Schedule B (100S), and enter the current year depreciation adjustment on Part III. Also, enter the current year depreciation adjustment on form FTB 3801, Passive Activity Loss Limitations, Side 2, California Passive Activity Worksheet, column (e). Make sure to label "Schedule B (100S)" in column (c) of the California Passive Activity Worksheet. Do not enter the current taxable year depreciation adjustment for passive activity on Form 100S, Side 1, line 5.

The S corporation does not need to complete Schedule B (100S) for pass-through entities except to include IRC Section 179 expense.

Tangible Property Expense Worksheet

1	Maximum deduction under IRC Section 179 for California			**1**	25,000
2	Total cost of IRC Section 179 property placed in service			**2**	
3	Threshold cost of IRC Section 179 property before reduction in limitation.			**3**	200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-			**4**	
5	Dollar limitation for taxable year. Subtract line 4 from line 1. If zero or less, enter -0-			**5**	
6	**(a)** Description of property	**(b)** Cost	**(c)** Elected cost		
7	Listed property (elected IRC Section 179 cost).		**7**		
8	Total elected cost of IRC Section 179 property. Add line 6, column (c) and line 7			**8**	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8			**9**	
10	Carryover of disallowed deduction from 2021			**10**	
11	Enter the smaller of business income (not less than -0-) or line 5			**11**	
12	IRC Section 179 expense deduction for California. Add line 9 and line 10, but **do not** enter more than line 11. Also enter the result here and on Schedule B (100S), Part I, line 5			**12**	
13	Carryover of disallowed deduction to 2023. Add line 9 and line 10. Subtract line 12 from the result		**13**		