

MONEY MYTHS SERIES

The G-Wagon Tax Write-Off: What Section 179 Really Allows (2026)

What the 2026 Section 179 and bonus depreciation rules allow for a heavy SUV, the business-use test, recapture and California's limits.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/section-179-vehicle-deduction/

Part of our [money myths series](#), where we check what social media says about money against the statute, the IRS and the courts.

The claim: buy a G-Wagon, or any SUV over 6,000 pounds, through your business and the tax code pays for it. **The verdict:** a deduction isn't a refund. On a hypothetical \$160,000 SUV used 60% for business, a California owner in the 32% federal bracket gets back about \$34,000 in tax and still pays about \$126,000 for the truck. The write-off also depends on more than 50% business use proved by a log, and the IRS takes most of it back if your business use drops.

\$32,000

2026 federal Section 179 cap for a heavy SUV (Rev. Proc. 2025-32)

100%

Federal bonus depreciation, permanent for property acquired after Jan. 19, 2025 (2025 law)

Over 50%

Business use required, every year of the recovery period (IRC § 280F(b))

\$25,000

California's Section 179 cap, and no bonus depreciation at all (R&TC § 17255)

\$94,334

Range Rover write-off the Tax Court threw out in 2024 (Schnackel)

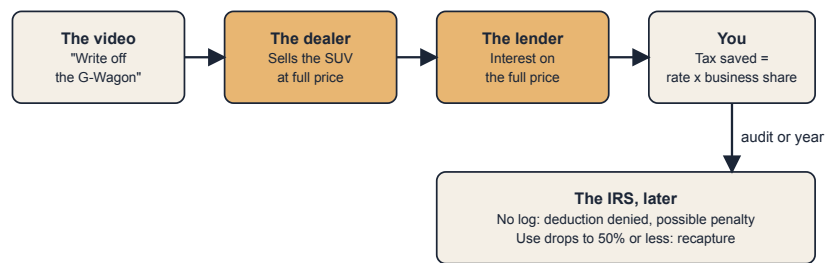
The videos are easy to find. A business owner stands next to a new Mercedes G-Class and says the government paid for it. The Drive, a car news site, wrote in August 2025 that Section 179 is "sometimes known as the G-Wagon loophole." There's a real rule underneath the pitch. What the videos leave out is how much of the price you still pay, what the IRS needs to see, and what happens in year two.

Who gets paid when you follow this advice

The dealer, first. Mercedes-Benz of Orlando's Section 179 page tells buyers the rule "allows you to deduct up to the full purchase price of qualifying vehicles" and lists the G 550 and AMG G 63 among them. That's wrong for an SUV under Section 179 itself, which caps an SUV at \$32,000 for 2026. Mercedes-Benz USA lists the 2026 G 550 starting at \$153,900 MSRP.

The lender, second. Section179.org, a site whose calculators link to an equipment finance company, tells readers that "taking the Section 179 deduction on financed equipment might be the most profitable business decision you make this year." If you finance, you pay interest on the full price while the tax benefit arrives as a smaller number at filing time.

The creator gets views and whatever sponsorships follow. We found no published fee for these videos, so we won't guess one. What we can say is that nobody in that chain is paid based on whether your deduction survives an audit.



How much of an SUV can you deduct under Section 179 in 2026?

For 2026, Section 179 lets you expense no more than \$32,000 of a heavy SUV's cost, according to IRS Revenue Procedure 2025-32 (October 2025).

Section 179 is a federal election to deduct the cost of business equipment in the year you put it in service instead of depreciating it over several years. The 2025 budget law, Pub. L. 119-21, raised the overall Section 179 ceiling from \$1,000,000 to \$2,500,000, and the IRS adjusted it to \$2,560,000 for 2026, with a phaseout starting at \$4,090,000 of equipment purchases. None of that helps much with an SUV. A separate rule in IRC § 179(b)(5) caps the cost of a sport utility vehicle you can expense at \$32,000 for 2026 (it was \$31,300 for 2025). IRS Publication 946 applies that cap to four-wheeled passenger vehicles rated at more than 6,000 pounds and not more than 14,000 pounds gross vehicle weight.

The deduction also can't exceed your taxable income from the active conduct of a business that year (IRC § 179(b)(3)). A side business with \$20,000 of profit can't expense \$32,000 of SUV this year. The excess carries forward.

So where does the "write off the whole car" number come from?

It comes from bonus depreciation, which the 2025 budget law made 100% and permanent for property acquired and placed in service after January 19, 2025, as the IRS confirmed in Notice 2026-11 and Revenue Procedure 2026-15.

Bonus depreciation under IRC § 168(k) lets you deduct the business share of the cost in year one. For an ordinary car, the luxury-auto caps in § 280F(a) still apply: for 2026 the first-year cap is \$20,300 with bonus depreciation and \$12,300 without it (Rev. Proc. 2026-15). Those caps only reach a "passenger automobile," which § 280F(d)(5) defines by a 6,000-pound line. A vehicle rated above that line escapes the dollar caps. That's the whole reason the pitch names heavy SUVs.

Escaping the cap isn't escaping the rules. Publication 946 says vehicles over the 6,000-pound threshold "are still 'other property used for transportation' and are subject to the special rules for listed property." Those rules are where most of these deductions fail.

How much business use does a heavy SUV need?

More than 50% qualified business use, measured by miles, or you get no Section 179 deduction and no bonus depreciation at all (IRS Publication 946, 2026; IRC § 280F(b)).

Even above 50%, you only deduct the business share. At 60% business use, 40% of the price is a personal purchase and stays that way. Driving from home to your regular office is commuting, and Publication 946 is blunt: "The use of an automobile for commuting is not business use, regardless of whether work is performed during the trip."

The proof requirement is stricter than for most business expenses. IRC § 274(d) bars the deduction unless you substantiate it "by adequate records or by sufficient evidence corroborating the taxpayer's own statement." The IRS treats a log kept weekly as timely (Publication 463). A log written months later, from memory, is the one the Tax Court keeps rejecting.

What happens if business use drops in a later year?

You give most of the deduction back: if business use falls to 50% or less during the recovery period, the excess over straight-line depreciation is added to your income that year (IRC § 280F(b); IRS Publication 946).

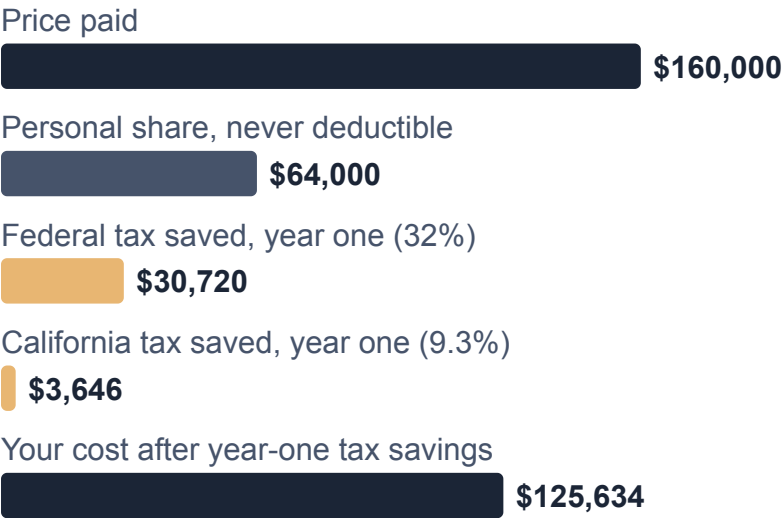
The excess is everything you deducted, Section 179 and bonus included, minus what the slow straight-line method would have allowed. Publication 946 walks through an example of a pickup truck over 6,000 pounds whose business use fell to 50% in a later year. The owner had to include \$4,018 of excess depreciation in income. On a six-figure SUV the number is much bigger, as the example below shows.

There's a quieter cost too. Publication 463 says that if you claim Section 179 or accelerated depreciation in the car's first year, "you can't use the standard mileage rate on that car in any future year." The 2026 business mileage rate was 72.5 cents through June 30 and 76 cents from July 1, 2026, after the IRS raised it midyear.

Worked example: what a \$160,000 SUV costs after the write-off

The numbers here are hypothetical. A California sole proprietor buys a \$160,000 SUV rated over 6,000 pounds in 2026 and drives it 60% for business, with a weekly log. Assume the owner's income is high enough that every deduction comes off at a 32% federal rate and a 9.3% California rate, and leave self-employment tax out to keep it simple.

- **Business share:** 60% of \$160,000 is \$96,000. The other \$64,000 is never deductible.
- **Federal, year one:** 100% bonus depreciation on \$96,000. At 32%, that saves \$30,720.
- **California, year one:** California allows \$25,000 of Section 179 and no bonus depreciation. Regular five-year depreciation on the remaining \$71,000 is 20% in year one, or \$14,200. That's \$39,200 of deductions, worth \$3,646 at 9.3%.
- **Net cost after year-one tax savings:** \$160,000 minus \$30,720 minus \$3,646, or about \$125,634.



Hypothetical. Assumes 32% federal and 9.3% California marginal rates; self-employment tax ignored.

Item	Amount
Price paid	\$160,000
Personal share, never deductible	\$64,000
Federal tax saved, year one (32%)	\$30,720
California tax saved, year one (9.3%)	\$3,646
Your cost after year-one tax savings	\$125,634

Now say business use drops to 40% in year two, because the business slows or the SUV becomes the family car. Straight-line depreciation over five years would have allowed \$9,600 in year one. The other \$86,400 of the federal deduction comes back as ordinary income. At 32%, that's \$27,648 of federal tax due in year two, most of what the owner saved.

What has the Tax Court done with these deductions?

It has disallowed them when the owner had no contemporaneous log, even for heavy vehicles bought for a real business, as in *Mennemeyer v. Commissioner*, T.C. Memo. 2025-80 (July 2025).

Mennemeyer (2025). A furniture business owner bought a 7,500-pound Chevrolet Suburban for \$54,481 to haul merchandise and deliver furniture, and claimed \$50,576 of depreciation and Section 179 expense. She had a separate personal car. The court still disallowed the deduction because she had no logs or contemporaneous records, and it held that a heavy vehicle used to transport goods is listed property subject to § 274(d).

Schnackel (2024). The taxpayers' S corporation took a \$94,334 special depreciation allowance for a Range Rover. The husband produced a log showing 95.43% business use, but testified he prepared it the following year when getting ready to file. The court held the corporation was "not entitled to depreciate the Range Rover under section 167 or expense it under section 179" and sustained accuracy-related penalties. The case involved other issues too; the IRS had determined deficiencies of \$244,965, \$100,550 and \$98,002 for three years (*Schnackel v. Commissioner*, T.C. Memo. 2024-76).

DiDonato (2013). A GMC Yukon Denali rated over 6,000 pounds was used to shuttle patients, but the logs didn't tie the trips to that vehicle. The court denied depreciation of \$29,058 and \$7,005 for two years and refused to estimate, because § 274(d) overrides the usual rule that lets courts approximate expenses (*DiDonato v. Commissioner*, T.C. Memo. 2013-11).

Zajac (2025). The owner reported 91% to 92% business use of a Cadillac Escalade. The IRS argued he recreated incomplete records in anticipation of trial, and the court sustained the IRS's determination that none of the vehicle expenses or depreciation should be allowed (*Zajac v. Commissioner*, T.C. Memo. 2025-33).

Schnackel (2024), Range Rover	\$94,334
Mennemeyer (2025), Suburban	\$50,576
DiDonato (2013), Yukon Denali	\$29,058

Sources: T.C. Memo. 2024-76; T.C. Memo. 2025-80; T.C. Memo. 2013-11 (2003 deduction; \$7,005 for 2004 also denied).

Case	Vehicle deduction claimed	Allowed
Schnackel (2024), Range Rover	\$94,334	\$0

Case	Vehicle deduction claimed	Allowed
Mennemeyer (2025), Suburban	\$50,576	\$0
DiDonato (2013), Yukon Denali	\$29,058	\$0

The court’s own summary of what it wants, from *Short Stop Electric, Inc. v. Commissioner*, T.C. Memo. 2023-114: "a contemporaneous log, diary, trip sheet, or something similar that substantiates how much a vehicle was actually used for business rather than personal purposes."

Does California follow the federal rules?

No: California caps Section 179 at \$25,000 with a \$200,000 phaseout and doesn’t allow federal bonus depreciation at all, including the 2025 permanent 100% version (R&TC § 17255; FTB Publication 1001, 2025).

California never adopted the 2017 or 2025 federal increases to Section 179. Its statute says the Tax Cuts and Jobs Act amendments "shall not apply." On bonus depreciation, FTB Publication 1001 states that "California does not conform to this provision." So a California owner tracks two depreciation schedules for the same vehicle, one federal and one on FTB Form 3885A, and the state deduction in year one is a fraction of the federal one.

When is buying a heavy vehicle through the business legitimate?

When the vehicle does real business work more than half the time and you can prove it with a log. The rule was written for work trucks and vans, and it works for them.

A contractor's three-quarter-ton pickup, a caterer's cargo van, a landscaper's truck: those are the vehicles Section 179 and bonus depreciation fit. Some vehicles fall outside the \$32,000 SUV cap entirely, such as those seating more than nine people behind the driver or with a cargo bed at least six feet long that isn't easily reached from the passenger area (Publication 946). Using a vehicle to carry passengers for hire is treated differently too. In *Sami v. Commissioner*, T.C. Memo. 2026-69 (August 2026), a chauffeur who also described himself as a social media influencer won his vehicle deduction for a Mercedes S550 because he used it to transport people for pay, which takes it outside the strict § 274(d) rules.

What the video says	What the law says
"Section 179 lets you write off the whole SUV."	Section 179 caps an SUV at \$32,000 for 2026. The full write-off is bonus depreciation, limited to the business-use share.
"The government pays for it."	A deduction saves your tax rate times the deductible amount. At 32%, \$96,000 of deductions saves \$30,720.
"Just use it for business sometimes."	More than 50% business use, by miles, every year. Commuting doesn't count.
"Nobody checks."	The Tax Court disallowed a \$94,334 Range Rover write-off in 2024 and a \$50,576 Suburban deduction in 2025 for missing logs.

What the video says	What the law says
"It works the same in every state."	California allows \$25,000 of Section 179 and no bonus depreciation.
"Write it off now, decide later."	Drop to 50% business use or less and the excess comes back as income. You also lose the mileage rate on that car for good.

What should you do instead?

Buy the vehicle the business needs, then pick the deduction method with a calculator, a log and your tax preparer, not a video.

1 Price the real benefit

Multiply the business share of the cost by your actual marginal rate, federal and California separately. That's the most the deduction is worth. Compare it to the price gap between the SUV and the vehicle you'd otherwise buy.

2 Start the log on day one

Date, miles, destination and business purpose for every trip, kept at least weekly. A phone app is fine if you use it every week.

3 Compare the mileage rate

If the business use is modest or might fall, the standard mileage rate may be the better choice, and it stays available only if you skip Section 179 and accelerated depreciation in year one.

4 Model year two

Ask your preparer what recapture would cost if business use fell to 40%. If that number would hurt, take a smaller deduction now.

5 Think about who owns the vehicle

Title, insurance and liability follow the vehicle. If the business is an LLC or corporation, see our pages on [choosing between an LLC and an S corp](#) and [asset protection for business owners](#).

The vehicle pitch is one of several "tax hack" videos that ask you to spend money to save tax. See also [the "LLC write-off" myth](#) and [the Augusta rule pitch](#), and our [business owner guides](#).

Frequently asked questions

Is the G-Wagon loophole legal?

The underlying rules are legal. Writing off the business share of a heavy SUV through bonus depreciation is allowed if the vehicle is used more than 50% for business and you can prove it with records. What isn't legal is deducting the personal share or claiming business use you didn't have.

What is the Section 179 limit for an SUV in 2026?

\$32,000 for an SUV rated over 6,000 pounds and not more than 14,000 pounds gross vehicle weight, under Rev. Proc. 2025-32. Bonus depreciation can cover the rest of the business share federally.

Does bonus depreciation still exist in 2026?

Yes. The 2025 budget law, Pub. L. 119-21, made 100% bonus depreciation permanent for property acquired and placed in service after January 19, 2025. California doesn't allow it.

Can I write off my SUV if I only drive it for business sometimes?

Not with Section 179 or bonus depreciation. Both require more than 50% business use. Below that you're limited to slower straight-line depreciation on the business share, or the standard mileage rate.

Do I need a mileage log for a heavy SUV?

Yes. A vehicle over 6,000 pounds is still listed property under IRC § 280F(d)(4), so § 274(d)'s strict substantiation applies. The Tax Court has disallowed heavy-vehicle deductions for missing logs as recently as 2025.

What happens if I sell the SUV or stop using it for business?

If business use drops to 50% or less, excess depreciation is recaptured as ordinary income that year. A sale brings its own depreciation recapture on the gain. Either way, the early deduction is often a timing benefit, not a permanent one.

Does California allow the same SUV deduction?

No. California caps Section 179 at \$25,000, phases it out above \$200,000 of purchases and doesn't allow bonus depreciation.

This page is general information, not legal, tax or investment advice for your situation. Vehicle deductions turn on facts like miles, records and entity structure, so take your numbers to your own tax preparer before you buy.

More in the [money myths series](#).

SOURCES

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- The Drive, [Why the Mercedes-Benz G-Wagon Is a Secret Tax Write-Off](#), August 4, 2025.

Questions about your own plan?

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