The Tax Cuts and Jobs Act expands the definition of qualified real property eligible for full expensing under Section 179 of the tax code to include improvements to nonresidential roof systems. Section 179 allows taxpayers to immediately expense the cost of qualifying property rather than recovering such costs during multiple years through depreciation. The tax reform bill also expands the expensing limits under Section 179, with the maximum amount business may expense now set at $1 million and the phase-out threshold increasing to $2.5 million. These new limits are effective for qualifying property placed in service in taxable years beginning after Dec. 31, 2017.

Given this change to Section 179 by the Tax Cuts and Jobs Act, qualifying taxpayers may now elect to fully expense the cost of improvements to nonresidential roof systems during the year of completion. Essentially, any improvements to nonresidential roof systems, including fully reroofing an existing building, may now be expensed during the year of purchase by any taxpayer eligible to deduct expenses under Section 179.

The Sec. 179 expensing provision (deduction) is intended to primarily help small businesses purchase needed equipment and write-off the full amount on their taxes for the current year. Qualifying 179 property generally includes business equipment, computers and certain vehicles, and virtually all construction equipment and machinery purchases are allowed. Non-residential roofs are also now included. This means that commercial roofing company customers can now fully expense the cost of a roof up to $1 million provided they do not acquire other tangible personal property that exceeds the $2.5 million cap.

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