



October 2, 2018

Key Oil and Gas Provisions Remain Through Tax Reform

ENERGY & RESOURCES, TAX, TAX REFORM
BY SCHNEIDER DOWNS PROFESSIONAL

While there have been sweeping changes due to the Tax Cuts and Jobs Act of 2017, a few key components that taxpayers in the oil and gas industry have routinely benefitted from will remain intact. One of the more important provisions to remain under the new law is the option to fully expense intangible drilling costs incurred in the startup of the business. The option to immediately expense intangible drilling costs can greatly help oil and gas taxpayers in the earliest, most capital-intensive years of the business.

As an added boost, the percentage depletion deduction has also survived the tax reform and will remain effective under the new law. Under percentage depletion, a taxpayer can deduct 15% of the gross income on a well-by-well basis, subject to certain limitations. Percentage depletion can often provide a more advantageous alternative to cost depletion for profitable wells, and will continue to benefit many oil and gas taxpayers, as it remains a viable deduction into the future.

The two aforementioned provisions remaining intact will certainly benefit taxpayers in the oil and gas industry into the foreseeable future. These key measures will certainly help to stabilize the industry from a tax perspective.

You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at contactSD@schneiderdowns.com.

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).