DEPRECIATION QUICK REFERENCE

Recovery periods, methods, conventions, bonus rates and 2026 limits. Print it.

Current as of the 2026 filing season. Confirm figures before relying on them; they change.

Recovery periods

PROPERTY	GDS	ADS	METHOD	BONUS?
Computers, autos, light trucks	5	5	200% DB	Yes
Distributive trades & services assets	5	9	200% DB	Yes
Office furniture and fixtures	7	10	200% DB	Yes
No class life assigned	7	12	200% DB	Yes
Land improvements	15	20	150% DB	Yes
Qualified improvement property	15	20	Straight line	Yes
Farm buildings	20	25	150% DB	Yes
Water utility property	25	50	Straight line	No
Residential rental property	27.5	30	SL, mid-month	No
Nonresidential real property	39	40	SL, mid-month	No
Railroad grading / tunnel bore	50	50	Straight line	No
Land	n/a	n/a	Not depreciable	No

Conventions

CONVENTION	APPLIES TO	FIRST-YEAR EFFECT
Half-year	Personal property, default	Six months regardless of month placed in service
Mid-quarter	All personal property if >40% of the year's personal property basis is placed in service in Q4	Half of the quarter placed in service
Mid-month	All real property	Half of the month placed in service

Bonus depreciation by placed-in-service date

PLACED IN SERVICE	RATE
2023	80%
2024	60%
1 – 19 January 2025	40%
On or after 20 January 2025	100% (permanent)
2026 and forward	100%

Section 179 for tax years beginning in 2026

ITEM	AMOUNT
Maximum deduction	$2,560,000
Phase-out threshold	$4,090,000
Fully phased out at	$6,650,000
Heavy SUV cap	$32,000

Recapture on disposition

COMPONENT	SECTION	FEDERAL TREATMENT
5 and 7-year personal property	1245	Ordinary income to extent of depreciation
15-year land improvements	1250	Unrecaptured 1250 gain, 25% max
Building (27.5 / 39-year)	1250	Unrecaptured 1250 gain, 25% max
Gain above depreciation	1231	Long-term capital gain, plus NIIT if applicable

When ADS is required

- Property used predominantly outside the United States
- Tax-exempt use and tax-exempt bond financed property
- Listed property used 50% or less in qualified business use
- Farming businesses electing out of the section 163(j) interest limitation
- Real property of an electing real property trade or business under section 163(j)(7) — also removes bonus eligibility

Prepared by Deprecio, an engineering-based cost segregation firm and part of the Shurek Accounting & Tax family of brands. This handout is general information and not tax, legal or investment advice. No client relationship is created by reading it. Figures reflect federal law as understood for the 2026 filing season and change with legislation; confirm current amounts before relying on them. To discuss a specific property, book a free feasibility review at https://deprecio.com/schedule/ or send the property details to studies@deprecio.com.