100% Bonus Depreciation Is Back. Here Is What That Means for Property Owners.

By Timothy C. Franklin · May 17, 2026 · 5 min read

Most commercial property owners spent the last two years watching one of the most powerful tax tools in the federal code quietly disappear. It did not disappear because of an audit or a mistake. It disappeared because of a clock most people did not know was running. That clock has now been reset.

What is bonus depreciation?

Standard depreciation on commercial real estate spreads deductions across 39 years. Bonus depreciation accelerates it. The specific provision is Section 168(k), the Additional First Year Depreciation Deduction. At 100%, the full eligible cost of qualifying assets can be deducted immediately. That is not a loophole. That is the law.

Where it started

In December 2017, the Tax Cuts and Jobs Act raised the allowable deduction to 100% for qualifying property placed in service after September 27, 2017. Combined with a cost segregation study, the impact on first-year cash flow was substantial. The TCJA also included a built-in phase-down starting in 2023, decreasing by 20 points each year until reaching zero.

The phase-down years

The phase-down did not require new legislation. When no action was taken to extend the 100% provision, the schedule simply activated. Property owners who planned around 100% found themselves working with 80%, then 60%, then 40%. Many stopped planning around it at all.

Tax Year	Bonus Depreciation Rate

2018–2022	100%
2023	80%
2024	60%
2025 (pre-OBBBA)	40%
2025+ (OBBBA restored)	100%

Where things stand now

In 2025, the One Big Beautiful Bill restored bonus depreciation under Section 168(k) to 100%. For investors who sat on the sideline during the phase-down years, this is a meaningful change. Most property owners do not have a dedicated tax strategy team monitoring legislative changes. They rely on their CPA at filing time, focused on compliance rather than flagging opportunities.

Why this matters right now

What the last twelve years have shown us is straightforward: bonus depreciation moves with the legislative environment. The window is open. How long it stays open is a question nobody can answer with certainty.

What the window means for you

If you own commercial or investment real estate and have not had a cost segregation study done, this is the environment to do it in. A study identifies components qualifying for accelerated depreciation under Section 168(k). At 100%, the deduction on those components is immediate and full.

IRS OFFICIAL REFERENCE

IRS Publication 946: How to Depreciate Property (IRS.gov)

Official IRS guidance on depreciation methods, bonus depreciation elections, and Section 168(k).

See what 100% bonus depreciation means for your property.

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