First 90 Days After Acquiring a Property: The Tax Checklist Most Owners Skip

By Timothy C. Franklin · June 23, 2026 · 8 min read

The closing table is not the finish line. It is the starting gun.

Most new commercial property owners walk away from closing focused on the right things: tenants, repairs, leases, management. But while all of that is happening, a set of tax decisions are being made by default, and almost no one is paying attention to them.

The period right after acquisition is the most tax-valuable window you will have as an owner of that property. Every dollar paid at closing goes into your depreciable basis. A cost segregation study reclassifies as much of that basis as possible into 5, 7, and 15-year property. That study is cleanest when done close to acquisition, and it takes six to twelve weeks to complete — which means the 90-day window is the lead time you need.

This is the checklist your closing agent did not give you.

The Checklist

1

Day 0: Closing Day

Close on the Property

The moment you take ownership, your in-service date begins and the depreciation clock starts. Every dollar of acquisition cost, the purchase price, closing costs, due diligence fees, and legal fees, becomes part of your depreciable basis. That basis is what a cost segregation study will later reclassify to accelerate your deductions.

> ■ *Keep all closing documents, the HUD-1 or settlement statement, and any allocation of purchase price. Your cost seg engineer needs this to build the study correctly.*

2

Days 1–30

Get a Property Condition Assessment

Pull that inspection report from due diligence and look at it differently. The inspector was telling you about problems. You are now looking at it as an opportunity list. Every aging system flagged, HVAC units, roofing, electrical, lighting, plumbing, is a candidate for an upgrade that generates its own tax benefit.

> ■ *If you did not get a full property condition assessment at closing, order one now. A few hundred dollars of assessment can reveal tens of thousands in improvement-driven deductions.*

3

Days 15–45

Identify 179-D Qualifying Systems

Section 179-D covers three building systems: HVAC and hot water, interior lighting, and the building envelope. Any of these systems that need replacing or upgrading may qualify for an additional deduction on top of standard depreciation.

The deduction ranges from $0.58 to $5.81 per square foot depending on energy savings achieved and whether contractors paid prevailing wages. At maximum qualifying levels, the deduction reaches $5.81 per square foot.

> ■ *179-D requires improvements to meet the ASHRAE 90.1 energy efficiency standard: a 25% reduction from baseline. A qualified energy assessor will verify this before certification.*

4

Days 30–60

Order Your Cost Segregation Study

This is the step most people delay, and the most important one to do early. A cost segregation study reclassifies components of your building from 39-year property into 5, 7, and 15-year property, dramatically accelerating depreciation deductions.

Order early, before you complete improvements, so the study captures both acquisition costs and improvement costs in a single engagement. Doing it later means a second study or a missed opportunity.

> ■ *Studies typically take 4–8 weeks to complete. Start the conversation early so results are in hand before your tax return is due, not after.*

5

Days 30–75

Complete the Improvements

Improvements placed in service before December 31 of the acquisition year qualify for that year's bonus depreciation. The same work done on January 2 waits an entire year. If you are replacing existing components rather than adding new ones, you may also qualify for a Partial Asset Disposition write-off on what you removed.

The year-one tax savings from your cost seg study, often $50,000 to $100,000 or more on a mid-size building, can directly fund the improvements. The study pays for the upgrades. The upgrades generate the next round of deductions.

> ■ *Document everything. Keep all contractor invoices, project scopes, completion dates, and receipts. Good records are the difference between capturing a deduction and losing it in an audit.*

6

After Improvements Are Complete

Complete the 179-D Energy Certification

A licensed energy assessor performs the certification using energy modeling software to verify that your improvements achieve the required 25% reduction in energy use compared to the ASHRAE 90.1 baseline. The signed certification document becomes part of your tax file. Without it, the deduction does not hold up.

> ■ *The 179-D deduction stacks with cost segregation. They operate under different sections of the tax code and do not offset each other. A building that qualifies for both captures both.*

7

Tax Time

File Your Return With Everything Captured

Your cost seg study results go to your CPA along with the 179-D certification and all improvement documentation. The accelerated depreciation, the energy deduction, and bonus depreciation on improvements all work together independently on the same return.

This is the return most property owners never file in year one because they did not know the window existed, did not move early enough, or did not have a strategist rather than just a preparer in their corner.

> ■ *If your first return has already been filed without cost segregation, all is not lost. A cost seg study can be applied retroactively through a catch-up depreciation adjustment (Form 3115), often without amending prior returns.*

Why the First 90 Days Are Different

There is no expiration date on most of these strategies. You can order a cost segregation study five years after you buy a building. You can do energy improvements in year three and claim 179-D then. None of this goes away permanently.

But the first 90 days are different for one reason: compounding. Tax savings captured in year one get deployed in year one. They fund the improvements that generate the next round of deductions. They enter the compounding cycle a full year before the same savings captured in year two.

THE FIRST-YEAR ADVANTAGE

A property owner who completes this checklist in the first 90 days after closing captures year-one tax savings, uses those savings to fund improvements, qualifies those improvements for additional deductions, and enters the compounding cycle twelve months before the owner who waits. The checklist does not create the opportunity. It captures the one that was already there.

The closing table is not the finish line. The first 90 days are where the real work happens. Quietly. Without urgency. With the right team in place.

Most property owners skip this checklist entirely. Not because they do not care. Because no one handed it to them.

Now you have it.

IRS OFFICIAL REFERENCE

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

Official IRS guidance on depreciation methods, in-service dates, recovery periods, and bonus depreciation elections.

You Just Closed. Let's Start the Clock Right.

A free analysis tells you exactly where your building stands and what the first 90 days should look like, before any of the windows close.

triplestarstrategy.com/free-analysis