

COST SEGREGATION

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

By Timothy C. Franklin · May 17, 2026 · 7 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. It did not disappear because of a mistake. It disappeared because of a clock that most people did not know was running. That clock has now been reset.

What is bonus depreciation?

When you place a commercial asset into service, the federal tax code governs how and when you can deduct its cost. Standard depreciation on commercial real estate spreads that deduction across 39 years. Bonus depreciation accelerates it.

The specific provision is Section 168(k) of the Internal Revenue Code. It allows qualifying property owners to deduct a significant percentage of eligible asset costs in the year those assets are placed in service.

At 100 percent, 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 of 2017, Congress passed the Tax Cuts and Jobs Act. Among its provisions was a dramatic expansion of bonus depreciation under Section 168(k), raising the allowable deduction to 100 percent for qualifying property placed in service after September 27, 2017.

The Tax Cuts and Jobs Act also included a built-in phase-down schedule. Starting in 2023, the allowable percentage was set to decrease by twenty points each year until it reached zero. That provision was not hidden. It was written into the original law from day one.

What happened next.

When no action was taken to extend the 100 percent provision, the schedule simply activated on its own. Each year, the allowable deduction stepped down. Property owners who had planned around 100 percent found themselves working with 80, then 60, then 40. Many stopped planning around it at all.

BONUS DEPRECIATION HISTORY — SECTION 168(k)

YEARS	RATE	ERA
2014 - 2016	50%	Obama
2017 - 2022	100%	Trump (1st term) / Biden (first 2 years)
2023	80%	Biden
2024	60%	Biden
2025 - present	100%	Trump (2nd term) — Restored via One Big Beautiful Bill

Where things stand now.

In 2025, the One Big Beautiful Bill restored bonus depreciation under Section 168(k) to 100 percent. Commercial property owners who place qualifying assets into service now can once again deduct the full accelerated amount in year one.

Most property owners do not have a dedicated tax strategy team monitoring legislative changes. They rely on their CPA at filing time. And their CPA is focused on compliance, not on flagging opportunities.

Why this matters right now.

The 2026 midterm elections are five months away. Historically, the party holding the White House, the House, and the Senate faces meaningful losses in midterm elections. That is not a political statement. It is a documented pattern.

What the last twelve years have shown us is straightforward. Bonus depreciation has moved with the legislative environment. That configuration exists today. What it looks like after November is something no one can predict with certainty.

We are not in the business of forecasting elections. We are in the business of making sure our clients take advantage of what the law allows while it allows it.

What the window means for you.

If you own commercial or investment real estate and you have not had a cost segregation study done, this is the environment to do it in. At 100 percent, the deduction on qualifying components is immediate and full.

The math at 100 percent looks very different than it did at 60 or 80 percent. The opportunity that exists today did not exist two years ago.

The first step.

Run a free estimate. Give us your property type, purchase price, and year of acquisition. We will show you exactly what the current bonus depreciation environment means for your specific situation. No phone call. No commitment. Just the numbers.

The window is open. That is a fact. How long it stays open is a question nobody can answer.

Ready to find out what applies to you?

Free analysis. No fee. No commitment.

triplestarstrategy.com/free-analysis

Todd Franklin · todd@triplestarstrategy.com · (949) 561-0350 · triplestarstrategy.com

© 2026 Triple Star Strategy. All rights reserved. This article is for informational purposes only and does not constitute tax, legal, or financial advice.