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COST SEGREGATION

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. 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 is titled the Additional First Year Depreciation Deduction. What it allows is straightforward. Rather than waiting nearly four decades to fully recognize the tax value of an investment, qualifying property owners can deduct a significant percentage of eligible asset costs in the year those assets are placed in service.

The higher the percentage, the larger the deduction. The larger the deduction, the more cash stays in your pocket in year one.

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. It was the most significant overhaul of the federal tax code since the Reagan administration. Among its many 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.

For commercial property owners and real estate investors, this was a fundamental shift. Combined with [a cost segregation study](#), the impact on first year cash flow was substantial.

The Tax Cuts and Jobs Act also included something that received far less attention at the time. 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.

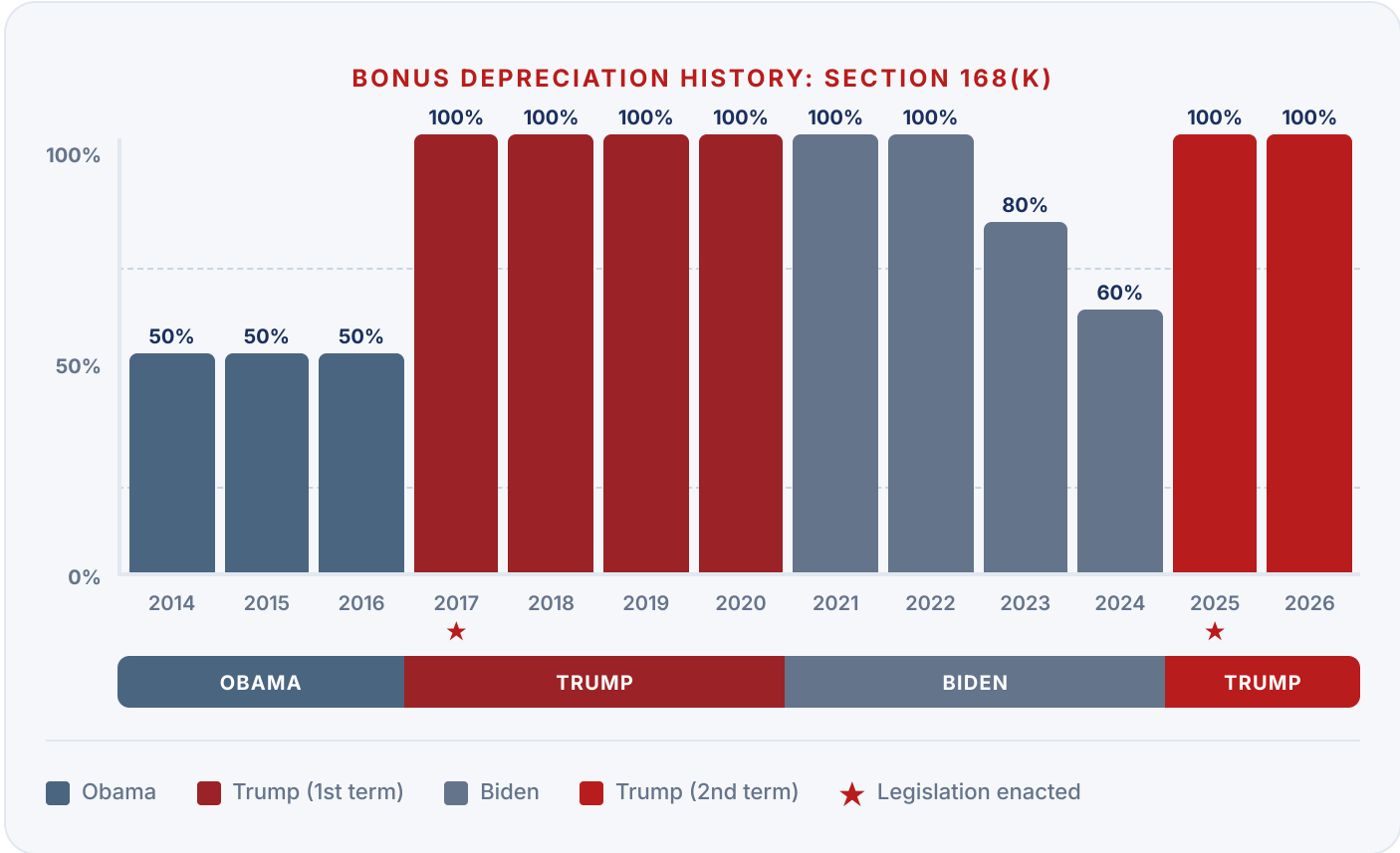
That provision was not hidden. It was not a surprise. It was written into the original law from day one.

What happened next.

The phase-down did not require new legislation to begin. It did not require a vote, a signature, or a policy decision from any administration. It was already written into the original law.

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.



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.

For investors who sat on the sideline during the phase-down years, this is a meaningful change. For investors who did not know the provision had been restored, this article is the first they are hearing of it.

That is not unusual. 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 of Representatives, and the Senate faces meaningful losses in midterm elections. That is not a political statement. It is a documented pattern across administrations of both parties going back decades.

What the last twelve years have shown us is straightforward. Bonus depreciation has moved with the legislative environment. It was built, it was allowed to phase down, and it was restored. Each of those outcomes required a specific configuration of legislative power to happen.

That configuration exists today. What it looks like after November is something no one can predict with certainty. What we do know is that provisions which exist today are not guaranteed to exist in the same form tomorrow.

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.

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

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. A study identifies the components of your property that qualify for accelerated depreciation under Section 168(k). At 100 percent, the deduction on those 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. [See exactly what that math looks like on a real property.](#)

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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.



IRS OFFICIAL REFERENCE

[How to Depreciate Property: IRS Publication 946 →](#)

IRS.gov: covers MACRS, bonus depreciation, and Section 168(k)

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