

COST RECOVERY - DEPRECIATION

Cost recovery (depreciation) is the periodic allocation of the cost of qualified assets. When a taxpayer, or in some cases a lessee, purchases a qualified asset they are allowed to recover the acquisition cost of the asset through certain deductions set forth in the Internal Revenue Code. The method and length of recovery periods depend on the type of property purchased. Below are the cost recovery tables for the various types of property. These tables are rounded to two decimal points for simplicity. Check with your tax advisor for the actual percentages.

Recovery Percentages for Residential Rental Property (27.5 Years)

Recovery Year	Month Placed in Service											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	3.48	3.18	2.88	2.58	2.27	1.97	1.67	1.36	1.06	0.76	0.45	0.15
2 - 27	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
28	1.88	2.27	2.57	2.87	3.18	3.48	3.64	3.64	3.64	3.64	3.64	3.64
29	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.45	0.75	1.06	1.36	1.66

Recovery Percentages for Non-Residential Rental Property (39 Years)

Recovery Year	Month Placed in Service											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	2.46	2.24	2.03	1.82	1.60	1.39	1.18	0.96	0.75	0.53	0.32	0.11
2 - 38	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56
39 - 40	Prorated											

Recovery Percentages for 15 Year Land Improvements

Recovery Year	Percentage	Recovery Year	Percentage	Recovery Year	Percentage
1	5.00%	6	6.23%	11	5.91%
2	9.50%	7	5.90%	12	5.90%
3	8.55%	8	5.90%	13	5.91%
4	7.70%	9	5.91%	14	5.90%
5	6.93%	10	5.90%	15	5.91%
				16	2.95%

Recovery Percentages for 5 Year Personal Property

Recovery Year	Percentage	Recovery Year	Percentage
1	20.00%	5	11.52%
2	32.00%	6	05.76%
3	19.20%		
4	11.52%		

