

2021 | Depreciation Key Facts and Figures

ANNUAL CODE SEC. 280F “LUXURY CAR” LIMITS

CARS				
Placed-in-Service Year	1st Year	2nd Year	3rd Year	4th Year & Later
2019 – 2020	18,100*/10,100	16,100	9,700	5,760
2018	18,000*/10,000	16,000	9,600	5,760
2012 – 2017	11,160*/3,160	5,100	3,050	1,875

* Higher limit applies if bonus depreciation claimed.

TRUCKS AND VANS*

Placed-in-Service Year	1st Year	2nd Year	3rd Year	4th Year & Later
2019 – 2020	18,100**/10,100	16,100	9,700	5,760
2018	18,000**/10,000	16,000	9,600	5,760
2017	11,560**/3,560	5,700	3,450	2,075
2016	11,560**/3,560	5,700	3,350	2,075
2015	11,460**/3,460	5,600	3,350	1,975

* If a truck (including SUV) or van exceeds 6,000 pounds GVWR it is not subject to the caps. A \$25,000 section 179 limit applies to SUVs, trucks with bed-length under 6', and vans with a seating capacity of less than 10 persons behind driver's seat if the vehicle is exempt from the caps. The cap increases to \$25,500 for vehicles placed in service in tax years beginning in 2019, \$25,900 for 2020, and \$26,200 for 2021.

** Higher limit applies if bonus claimed.

STANDARD MILEAGE RATES

Year	Business	Medical/Moving	Charitable	Basis Adjustment
2021	56	16*	14*	26
2020	57.5	17*	14*	27
2019	58	20*	14	26
2018	54.5	18*	14	25

* Moving expense deduction is repealed, effective for tax years beginning after 2017 and before 2026, except for members of U.S. Armed Forces.

DECLINING BALANCE RATES*

Property Class	Method	DB Rate	Year of Switch to SL Method
3-Year	200% DB	66.67%	3rd
3-Year	150% DB	50.00%	2nd
5-Year	200% DB	40.00%	5th
5-Year	150% DB	30.00%	4th
7-Year	200% DB	28.57%	6th
7-Year	150% DB	21.43%	4th
10-Year	200% DB	20.00%	7th
10-Year	150% DB	15.00%	5th
15-Year	150% DB	10.00%	7th
20-Year	150% DB	7.50%	9th

* These rates are used to compute depreciation if the optional table percentages are not used.

BONUS DEPRECIATION RATES*

Placed-In-Service	Rate
2012 – Sept. 27, 2017	50%
Sept. 28, 2017 – 2022	100%
2023	80%
2024	60%
2025	40%
2026	20%
2027	0%

* Property acquired before Sept. 28, 2017 and placed in service after September 27, 2017 qualifies for 50 percent rate if placed in service in 2017, 40 percent in 2018, and 30 percent in 2019.

CODE SEC. 179 EXPENSING

Tax Years Beginning in:	Dollar Limitation	Investment Limitation
2021	\$1,050,000	\$2,620,000
2020	\$1,040,000	\$2,590,000
2019	\$1,020,000	\$2,550,000
2018	\$1,000,000	\$2,500,000
2017	\$510,000	\$2,030,000

ASSETS WITH SPECIAL DEPRECIATION PERIODS

Asset Type	Recovery Period		Applies to Property Placed In Service
	GDS	ADS	
Qualified leasehold improvement property*	15	39	before 2018
Qualified retail improvement property*	15	39	before 2018
Qualified restaurant improvement property*	15	39	before 2018
Qualified restaurant buildings*	15	39	before 2018
Qualified improvement property*	15	20	after 2017
New farm machinery	5	10	after 2017

* Straight line method must be used.

DEPRECIATION PERIODS FOR COMMON ASSETS & BUSINESSES*

	GDS	ADS
Automobiles, taxis, trucks (light general purpose)	5	5
Breeding cattle and dairy (purchased)	5	7
Buses	5	9
Calculators, copiers, accounting machines	5	6
Computers and peripheral equipment	5	5
Farm buildings	20	25
Land improvements such as shrubbery, fences, roads, and bridges not specifically included in another business asset class	15	20
Nonresidential real property placed in service after May 12, 1993	39	40
Nonresidential real property placed in service before May 13, 1993	31.5	40
Office furniture and fixtures such as desks, files, safes, communications equipment	7	10
Research and experimentation property	5	Class life
Residential rental property placed in service after 2017	27.5	30
Residential rental property placed in service before 2018	27.5	40
Retail motor fuel outlets	15	20
Service station buildings and land improvements used in marketing petroleum products	15	20
Single purpose agricultural or horticultural structures	10	15
Tractor units for over-the-road use	3	4
Trailers and trailer mounted containers	5	6
Trees or vines bearing fruits or nuts placed in service after 1988	10	20
Trucks (heavy general purpose)	5	6
Vessels, barges, tugs and similar water transportation equipment not used in marine construction	10	18
Property not described above used in a business relating to the provision of personal or professional services or in a wholesale or retail trade or business	5	9
Property not described above used in the provision of entertainment services upon payment of a fee or admission charged	7	10

* See Rev. Proc. 87-56 for comprehensive asset classification list.

OPTIONAL TABLE PERCENTAGES*

Half-Year Convention																					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
3-Year Property	33.33	44.45	14.81	7.41																	
5-Year Property	20.00	32.00	19.20	11.52	11.52	5.76															
7-Year Property	14.29	24.49	17.49	12.49	8.93	8.92	8.93	4.46													
10-Year Property	10.00	18.00	14.40	11.52	9.22	7.37	6.55	6.55	6.56	6.55	3.28										
15-Year Property	5.00	9.50	8.55	7.70	6.93	6.23	5.90	5.90	5.91	5.90	5.91	5.90	5.91	5.90	5.91	2.95					
20-Year Property	3.750	7.219	6.677	6.177	5.713	5.285	4.888	4.522	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	4.462	4.461	2.231

Mid-Quarter Convention																					
Property Placed in Service in First Quarter																					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
3-Year Property	58.33	27.78	12.35	1.54																	
5-Year Property	35.00	26.00	15.60	11.01	11.01	1.38															
7-Year Property	25.00	21.43	15.31	10.93	8.75	8.74	8.75	1.09													
10-Year Property	17.50	16.50	13.20	10.56	8.45	6.76	6.55	6.55	6.56	6.55	0.82										
15-Year Property	8.75	9.13	8.21	7.39	6.65	5.99	5.90	5.91	5.90	5.91	5.90	5.91	5.90	5.91	5.90	0.74					
20-Year Property	6.563	7.000	6.482	5.996	5.546	5.130	4.746	4.459	4.459	4.459	4.459	4.460	4.459	4.460	4.459	4.460	4.459	4.460	4.459	4.460	0.565

Property Placed in Service in Second Quarter																					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
3-Year Property	41.67	38.89	14.14	5.30																	
5-Year Property	25.00	30.00	18.00	11.37	11.37	4.26															
7-Year Property	17.85	23.47	16.76	11.97	8.87	8.87	8.87	3.34													
10-Year Property	12.50	17.50	14.00	11.20	8.96	7.17	6.55	6.55	6.56	6.55	2.46										
15-Year Property	6.25	9.38	8.44	7.59	6.83	6.15	5.91	5.90	5.91	5.90	5.91	5.90	5.91	5.90	5.91	2.21					
20-Year Property	4.688	7.148	6.612	6.116	5.658	5.233	4.841	4.478	4.463	4.463	4.463	4.463	4.463	4.463	4.462	4.463	4.462	4.463	4.462	4.463	1.673

Property Placed in Service in Third Quarter																					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
3-Year Property	25.00	50.00	16.67	8.33																	
5-Year Property	15.00	34.00	20.40	12.24	11.30	7.06															
7-Year Property	10.71	25.51	18.22	13.02	9.30	8.85	8.86	5.53													
10-Year Property	7.50	18.50	14.80	11.84	9.47	7.58	6.55	6.55	6.56	6.55	4.10										
15-Year Property	3.75	9.63	8.66	7.80	7.02	6.31	5.90	5.90	5.91	5.90	5.91	5.90	5.91	5.90	5.91	3.69					
20-Year Property	2.813	7.289	6.742	6.237	5.769	5.336	4.936	4.566	4.460	4.460	4.460	4.460	4.461	4.460	4.461	4.460	4.461	4.460	4.461	4.460	2.788

Property Placed in Service in Fourth Quarter																					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
3-Year Property	8.33	61.11	20.37	10.19																	
5-Year Property	5.00	38.00	22.80	13.68	10.94	9.58															
7-Year Property	3.57	27.55	19.68	14.06	10.04	8.73	8.73	7.64													
10-Year Property	2.50	19.50	15.60	12.48	9.98	7.99	6.55	6.55	6.56	6.55	5.74										
15-Year Property	1.25	9.88	8.89	8.00	7.20	6.48	5.90	5.90	5.90	5.91	5.90	5.91	5.90	5.91	5.90	5.17					
20-Year Property	0.938	7.430	6.872	6.357	5.880	5.439	5.031	4.654	4.458	4.458	4.458	4.458	4.458	4.458	4.458	4.458	4.458	4.459	4.458	4.459	3.901

* The optional table percentages for 3-, 5-, 7-, and 10-year property are based on the 200% DB method. The percentages for 15- and 20-year property are based on the 150% DB method.

39 YEAR NON-RESIDENTIAL REAL PROPERTY (PLACED IN SERVICE AFTER MAY 12, 1993)

Recovery Year	Month Placed in Service											
	1	2	3	4	5	6	7	8	9	10	11	12
1st	2.461	2.247	2.033	1.819	1.605	1.391	1.177	0.963	0.749	0.535	0.321	0.107
2nd-39th	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564	2.564
40th	0.107	0.321	0.535	0.749	0.963	1.177	1.391	1.605	1.819	2.033	2.247	2.461

31.5 YEAR NON-RESIDENTIAL REAL PROPERTY (PLACED IN SERVICE BEFORE MAY 13, 1993)

Recovery Year	Month Placed in Service											
	1	2	3	4	5	6	7	8	9	10	11	12
1st	3.042	2.778	2.513	2.249	1.984	1.720	1.455	1.190	0.926	0.661	0.397	0.132
2nd-7th	3.175	3.175	3.175	3.175	3.175	3.175	3.175	3.175	3.175	3.175	3.175	3.175
8th	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.175	3.175	3.175	3.175	3.175
9th-31th (odd)	3.174	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.174	3.175
10th-30th (even)	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.174	3.175	3.174
32th	1.720	1.984	2.249	2.513	2.778	3.042	3.175	3.174	3.175	3.174	3.175	3.174
33th	0.000	0.000	0.000	0.000	0.000	0.000	0.132	0.397	0.661	0.926	1.190	1.455

27.5 YEAR RESIDENTIAL RENTAL PROPERTY

Recovery Year	Month Placed in Service											
	1	2	3	4	5	6	7	8	9	10	11	12
1st	3.485	3.182	2.879	2.576	2.273	1.970	1.667	1.364	1.061	0.758	0.455	0.152
2nd-9th	3.636	3.636	3.636	3.636	3.636	3.636	3.636	3.636	3.636	3.636	3.636	3.636
10th-26th (even)	3.637	3.637	3.637	3.637	3.637	3.637	3.636	3.636	3.636	3.636	3.636	3.636
11th-27th (odd)	3.636	3.636	3.636	3.636	3.636	3.636	3.637	3.637	3.637	3.637	3.637	3.637
28th	1.970	2.273	2.576	2.879	3.182	3.485	3.636	3.636	3.636	3.636	3.636	3.636
29th	0.000	0.000	0.000	0.000	0.000	0.000	0.152	0.455	0.758	1.061	1.364	1.667

DEPRECIATION RECAPTURE*

Property Type	Recapture Percentage
Section 1245 property	100%
MACRS residential and nonresidential real property	None
Bonus depreciation claimed on section 1250 property	Bonus in excess of SL
179 expense claimed on qualified real property	100%
ACRS 15-, 18-, and 19-year nonresidential real property depreciated using an accelerated method is treated as section 1245 property	100%
Other ACRS 15-, 18-, and 19-year real property is now fully depreciated section 1250 property	None

* Ordinary income recapture applies to extent of gain. Section 179 allowance and bonus depreciation are treated as depreciation subject to recapture.

Unrecaptured depreciation on section 1250 property owned by individuals, estates, or trusts is subject to a 25% tax rate.

Check out the **Paychex Accountant Knowledge Center!**
Loaded with FREE, convenient, user-friendly online tools and resources including:

Daily News • Mobile News • CCH Tax Briefings • HR Compliance Library
Online CPE • Interactive Financial Calculators • U.S. Master Tax Guide

Ask your Paychex representative for more information,
or visit www.paychex.com/accounting-professionals to get started today!

