

Categorizing Property for Depreciation in an S Corporation or Small Business

The table below gives an overview of each of the IRS property classes used for depreciation. Our team at [s-corp.biz](#) is here to help small business with all things s-corp, give us a call!

The most common property classes for small businesses are the first three, highlighted in purple.

Class	Depreciation Period	Description
3-Year Property	3 years	<ul style="list-style-type: none">• Tractor units for over-the-road use• Race horses over 2 years old when placed in service, any other horse over 12 years old when placed in service• Qualified rent-to-own property
5-Year Property	5 years	<ul style="list-style-type: none">• Automobiles, taxis, buses, trucks• Any qualified technological equipment (computers etc.)• Office machinery (such as typewriters, calculators, and copiers)• Any property used in research and experimentation• Breeding cattle and dairy cattle• Appliances, carpets, furniture, etc., used in a residential rental real estate activity• Certain geothermal, solar, and wind energy property• Certain farming business machinery equipment
7-Year Property	7 years	<ul style="list-style-type: none">• Office furniture and fixtures (such as desks, files, and safes)• Certain agricultural machinery and equipment• Certain motorsports entertainment complex property• Railroad track• Any natural gas gathering line placed in service after April 11, 2005• Any property that does not have a class life and has not been designated in any other class

Class	Depreciation Period	Description
10-Year Property	10 years	<ul style="list-style-type: none"> • Vessels, barges, tugs, and similar water transportation equipment • Any single-purpose agricultural or horticultural structure • Any tree or vine bearing fruits or nuts • Qualified small electric meter and qualified smart electric grid system
15-Year Property	15 years	<ul style="list-style-type: none"> • Certain land improvements (shrubbery, fences, roads, sidewalks and bridges etc.) • Retail motor fuels outlet (convenience store etc.) • Municipal wastewater treatment plants • Initial clearing and grading land improvements for gas utility property • Electric transmission property • Natural gas distribution lines • Telephone distribution plant and comparable equipment • Qualified improvement property
20-Year Property	20 years	<ul style="list-style-type: none"> • Farm buildings (other than those noted under 10-year property) • Municipal sewers not categorized as 25-year property • The initial clearing and grading of land for electric utility transmission and distribution plants
25-Year Property	25 years	<ul style="list-style-type: none"> • Property that is an integral part of the water distribution facilities • municipal sewers
Residential Rental Property	27.5 years	Any building or structure where 80% or more of its gross rental income is from dwelling units (rental home, mobile homes etc. - does not include units in an establishment where more than half the units are used on a transient basis such as in a hotel)
Nonresidential Real Property	39 years	An office building, store, or warehouse that is neither residential rental property nor property with a class life of less than 27.5 years

Need some help with depreciation, taxes, or bookkeeping for your small business? [Drop us a line!](#) We're always happy to help in any way we can!