

**COST RECOVERY PERIODS UNDER THE FEDERAL TAX CODE
AND PROPOSED BY THE E-QUIP ACT**

| Property | Taxpayer | Current Law Cost Recovery Period | Cost Recovery Period for Property Meeting E-QUIP Energy Efficiency Standards |
|---|---|--|---|
| Exterior lighting; exterior HVAC equipment; building envelope (roofing, exterior windows, insulation for roofs and exterior walls) | Owner of nonresidential commercial real estate (e.g., retail, office, industrial, hotel, etc.), including a partnership or a REIT, that is an electing real property trade or business (RPTOB)* | 40 years | 10 years |
| | Owner of nonresidential commercial real estate that is not an electing real property trade or business (RPTOB)* | 39 years | 10 years |
| | Owner of residential rental real estate (e.g., multifamily housing) that is an electing RPTOB | 30 years | 10 years |
| | Owner of residential rental real estate that is not an electing RPTOB | 27.5 years | 10 years |
| Interior lighting; interior HVAC equipment; non-envelope insulation (interior walls, piping); and smart energy control systems | Owner of nonresidential commercial real estate that is an electing RPTOB | 20 years | 10 years |
| | Owner of nonresidential commercial real estate that is not an electing RPTOB | 15 years** | 10 years |
| | Owner of residential rental property that is an electing RPTOB | 30 years | 10 years |
| | Owner of residential rental property that is not an electing RPTOB | 27.5 years | 10 years |

* An electing real property trade or business (RPTOB) refers to a qualifying taxpayer who has made an irrevocable election out of the limits on the deductibility of business interest imposed in the Tax Cuts and Jobs Act and codified in section 163(j).

** Immediate expensing available for property placed in service through 2022, gradually phased out through 2026.