

Qualified Improvement Property and Bonus Depreciation Assets Placed in Service after Dec. 31, 2015¹



	Qualified Leasehold Improvement Property (QLI)	Qualified Improvement Property (QIP)	Qualified Retail Improvement Property (QRIP)	Qualified Restaurant Property (QRP)
IRC Authority	§168(e)(6)	§168(k)(3)	§168(e)(8)	§168(e)(6)
§1250 Property Requirement	§1250 property which is an improvement to <u>interior</u> of building that is <u>nonresidential</u> real property	§1250 property which is an improvement to <u>interior</u> of building that is <u>nonresidential</u> real property	§1250 property which is an improvement to <u>interior</u> of building that is <u>nonresidential</u> real property. Interior portion of building to which improvement is made must be open to general public and used in retail trade or selling of tangible personal property (excludes stock rooms, offices and other areas in building not open to general public).	§1250 property which is an improvement to the <u>interior or exterior</u> of a building that is <u>nonresidential</u> real property, <u>and</u> of which building more than 50% of the building square footage is devoted to preparation of and seating for on-premises consumption of prepared meals. Includes the entire restaurant building (new construction or purchase).
Lease Requirement	Improvement is made pursuant to or under a lease by lessee, lessor or sublessee	N/A	N/A	N/A
Building Age Requirement	Building in service more than 3 years	N/A	Building in service more than 3 years	N/A
Related Party Exception	Lease may not be between related parties	N/A	N/A	N/A
Exclusions	Improvements to elevators/escalators, structural components benefitting common area, internal structural framework or that enlarge building	Improvements to elevators/escalators, internal structural framework or that enlarge building (common areas are not excluded)	Improvements to elevators/escalators, structural components benefitting common area, internal structural framework or that enlarge building	N/A
Recovery Period	15 years	39 years	15 years	15 years
Method/Convention	SL/HY or MQ	SL/Mid-month	SL/HY or MQ	SL/HY or MQ
Bonus Depreciation ²	Yes	Yes	Yes	No
Eligible for §179 Expensing ³	Yes	No	Yes	Yes

¹ Rules applicable to assets in service before Jan. 1, 2016 may differ.

² Bonus depreciation of 50% applies to eligible assets in service before Jan. 1, 2018. For assets in service after Dec. 31, 2017 but before Jan. 1, 2019 the bonus is 40%. For assets in service after Dec. 31, 2018 but before Jan. 1, 2020 the bonus is 30%. Bonus depreciation expires after Dec. 31, 2019.

³ As defined by IRC §179(f) and subject to all other IRC §179 rules.