

MACRS Classes

For depreciation purposes, the IRS assigns assets to one of nine recovery-period classes. Assets in the first six classes are depreciated using the modified accelerated cost system (MACRS), but those in classes 7 to 9 are depreciated straight-line (and therefore the depreciation rates for these classes are not shown in Table 8.4). The nine classes and the main assets within each class are as follows:

1. **3-year class** Tractors for over-the-road use; race horses over 2 years old; and other horses over 12 years old.
2. **5-year class** Automobiles, taxis, buses, and trucks; computers and peripherals; office machinery; property used in research; geothermal, solar, and wind energy equipment; breeding and dairy cattle.
3. **7-year class** Office furniture; agricultural machinery; any asset that has not been designated as being in any other class.
4. **10-year class**. Barges, tugs, and other vessels; single-purpose agricultural structures; fruit trees and vines.
5. **15-year class** Natural gas distribution lines and electric transmission assets; certain improvements to land such as fences, roads, and bridges.
6. **20-year class**. Farm buildings not in the 7-year class.
7. **25-year class**. Water utility plants.
8. **27.5-year class**. Residential rental property.
9. **39-year class** Non-residential property, such as office buildings, stores, and warehouses.

Note: More detailed information is published in the IRS Publication 946, “How to Depreciate Property.”