GUIDE

Form 4562, depreciation and amortization

Form 4562 is the IRS form for depreciation and amortization. You file it in any year you put new business assets into service, claim Section 179 or bonus depreciation, deduct vehicles or other listed property, or start amortizing costs like startup expenses. For 2026, Section 179 allows up to $2,560,000 and bonus depreciation is 100%.

QUICK FACTS

- **Section 179.** Up to $2,560,000 for 2026, reduced once purchases pass $4,090,000
- **Bonus.** 100% bonus depreciation for property acquired after January 19, 2025
- **Who files.** Anyone placing assets in service, using Section 179 or deducting vehicles this year

Who has to file Form 4562?

You file it with your return for any year in which you:

- Place property in service and claim depreciation for it
- Take a Section 179 deduction, or carry one over
- Deduct depreciation on a vehicle or other listed property, of any year
- Begin amortizing costs, such as startup or organization costs
- Claim depreciation on a corporation return (other than an S-Corp), for any assets

If you're a sole proprietor only continuing depreciation on older assets, with no vehicle, you may not need it that year.

What are the parts of Form 4562?

1. Part I, Section 179: the election to expense qualifying property, up to the yearly limit and your business income.
2. Part II, special (bonus) depreciation.
3. Part III, regular MACRS depreciation for assets placed in service this year and earlier.
4. Part IV, the summary that carries to your return.
5. Part V, listed property: cars, trucks and other property with personal use, with the mileage questions.
6. Part VI, amortization, such as startup costs over 15 years.

General information, not tax advice for your situation.

Section 179 or bonus depreciation?

Both can write off an asset in year one for 2026. Section 179 is limited to your business income and to $2,560,000, phasing out above $4,090,000 of purchases, and you can pick which assets and how much. Bonus depreciation has no income limit and can create a loss, but it applies to whole classes of property unless you elect out. Many states don't follow federal bonus depreciation, so the state return may differ.

Is writing it all off this year always best?

No. A big write-off is worth most in a high-income year. If this year is unusually low, regular depreciation can save more over time. And when you sell the asset, the depreciation you took is usually taxed back. We weigh this in tax planning, and our blog post on Section 179 vs bonus depreciation shows examples.

What records do I need?

For each asset: what it is, the date placed in service, cost, business-use percentage and the method chosen. For vehicles, a mileage log. Our free depreciation schedule template keeps it all in one place, year after year.

Common questions

What is the Section 179 limit for 2026?
$2,560,000, reduced dollar for dollar once qualifying purchases pass $4,090,000 in the year.

Is bonus depreciation 100% in 2026?
Yes, for qualifying property acquired after January 19, 2025, under the 2025 tax law. It no longer phases down.

Can I depreciate a car I use for personal trips too?
Only the business-use share, and passenger vehicles have yearly dollar limits. Your mileage log proves the share.

Do I need Form 4562 if I use the standard mileage rate?
You still answer the vehicle questions in Part V on Form 4562 or on Schedule C, depending on your situation.

Want your business return done?

One fixed price, agreed before we start. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com