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Writing Off Practice Equipment and Build-Out in 2026

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The short answer

For 2026 you have two ways to deduct equipment immediately. Section 179 lets you expense up to 2,560,000 dollars, phasing out once you place more than 4,090,000 dollars of property in service, and it cannot push the business into a loss. Bonus depreciation is back at 100 percent permanently for property acquired after January 19, 2025, has no dollar cap, and can create a loss. Most practices use bonus for the bulk and Section 179 where bonus does not reach. The harder question is not how to deduct it, it is whether deducting all of it this year is the right answer.

The two tools, side by side

	Section 179	100 percent bonus
2026 cap	2,560,000 dollars	No cap
Phase-out	Begins above 4,090,000 dollars placed in service	None
Can create a loss	No. Limited to business income, excess carries forward	Yes
Chosen item by item	Yes, any amount on any asset	Applies to a whole class unless you elect out
New or used	Both, if new to you	Both, if new to you
Heavy SUV over 6,000 pounds	Capped at 32,000 dollars	Allowed, subject to business use rules
Qualifies on building structure	Roofs, HVAC, fire protection and security on nonresidential property	No, structure is 39-year property

The flexibility difference is what usually decides it. Section 179 can be applied to one chair and not another, while bonus applies across a whole class of assets unless you elect out of that class entirely. When you want a precise amount of deduction, Section 179 is the scalpel.

What a practice is usually buying

Purchase	Life	Immediate deduction
Chairs, cabinetry, sterilizers, handpieces	5 or 7 years	Yes, bonus or Section 179
Imaging: CBCT, pan, sensors, scanners	5 years	Yes, bonus or Section 179
Practice management software and computers	3 to 5 years	Yes, with software rules to check
Interior build-out of leased space after the building was in service	15 years as qualified improvement property	Yes, bonus or Section 179
New HVAC, roof, fire or security system on a building you own	39 years normally	Section 179 only
The building itself	39 years	No
Enlarging the building, elevators, structural framework	39 years	No

Build-out is the line item people get wrong most often. Interior, nonstructural improvements to an existing nonresidential building are 15-year property and eligible for immediate deduction. Anything that enlarges the building or touches its structure is not, and a single invoice from a contractor usually covers both.

> Ask the contractor for a cost breakdown before you pay the final invoice. Splitting it afterwards from a one-line invoice is guesswork, and it is the kind of guess that does not hold up.

Placed in service, not paid for

The deduction depends on when the asset is ready and available for its intended use, not when you ordered it, paid for it, or took delivery. A scanner sitting in a box on December 28 is not placed in service. A chair installed and usable on December 30 is, even if it is financed and you have made no payments.

That cuts both ways in December. Financing the purchase does not reduce the deduction, so a practice can deduct the full cost of equipment it has barely begun paying for, which is exactly why the deduction should be sized to the tax plan rather than the catalog.

When a big deduction is the wrong move

- It drops your taxable income into a lower bracket, so you spend deductions at 24 percent that would have been worth 37 percent next year
- It wipes out income you need for a retirement plan contribution, which is usually a better deduction because the money stays yours
- It reduces qualified business income and can shrink or waste the 20 percent pass-through deduction
- It creates a loss you cannot use this year because of basis or at-risk limits in the entity
- You plan to sell the practice soon, where fully depreciated equipment increases the ordinary income piece of the sale
- Your lender looks at profit, and a year of artificial losses affects your borrowing just as you need it

The reason both tools exist is that the right answer is often to deduct part now and part over time. Electing out of bonus for a class and using Section 179 on specific items gives you a dial rather than a switch.

The questions to settle before year end

- What is this year's projected taxable income, before the equipment
- What is next year likely to look like, including any associate hire or expansion
- What retirement plan contribution do you want to make, and what income does it need
- Is the build-out invoice broken into structural and nonstructural components
- Will each asset be installed and usable by December 31
- Does the entity have enough basis to take the loss if one is created

Answer those six and the Section 179 versus bonus decision takes about ten minutes. Skip them and the deduction gets taken at whatever size the invoice happens to be.

Frequently asked questions

What is the Section 179 limit for 2026?

2,560,000 dollars, phasing out dollar for dollar once more than 4,090,000 dollars of qualifying property is placed in service during the year.

Is bonus depreciation still 100 percent in 2026?

Yes. It was restored to 100 percent and made permanent for qualifying property acquired after January 19, 2025.

Can I deduct equipment I financed?

Yes. The deduction follows when the asset is placed in service, not when it is paid for, so financed equipment installed and usable by December 31 is deductible in full.

Can I write off my office build-out?

Interior, nonstructural improvements to an existing nonresidential building are 15-year qualified improvement property and eligible for immediate deduction. Structural work and enlargements are 39-year property and are not.

Should I use Section 179 or bonus depreciation?

Bonus for the bulk, since it has no cap and can create a loss, and Section 179 where you want a precise amount or where bonus does not apply, such as a new roof or HVAC on a building you own. The real decision is how much deduction you want this year.

General information based on federal law for tax year 2026, not tax advice for your situation. State rules vary.

Want this applied to your situation? Book a free 30-minute call with Akanchya Acharya, CPA at acharyacpa.com/contact or email akansha@acharyacpa.com.

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