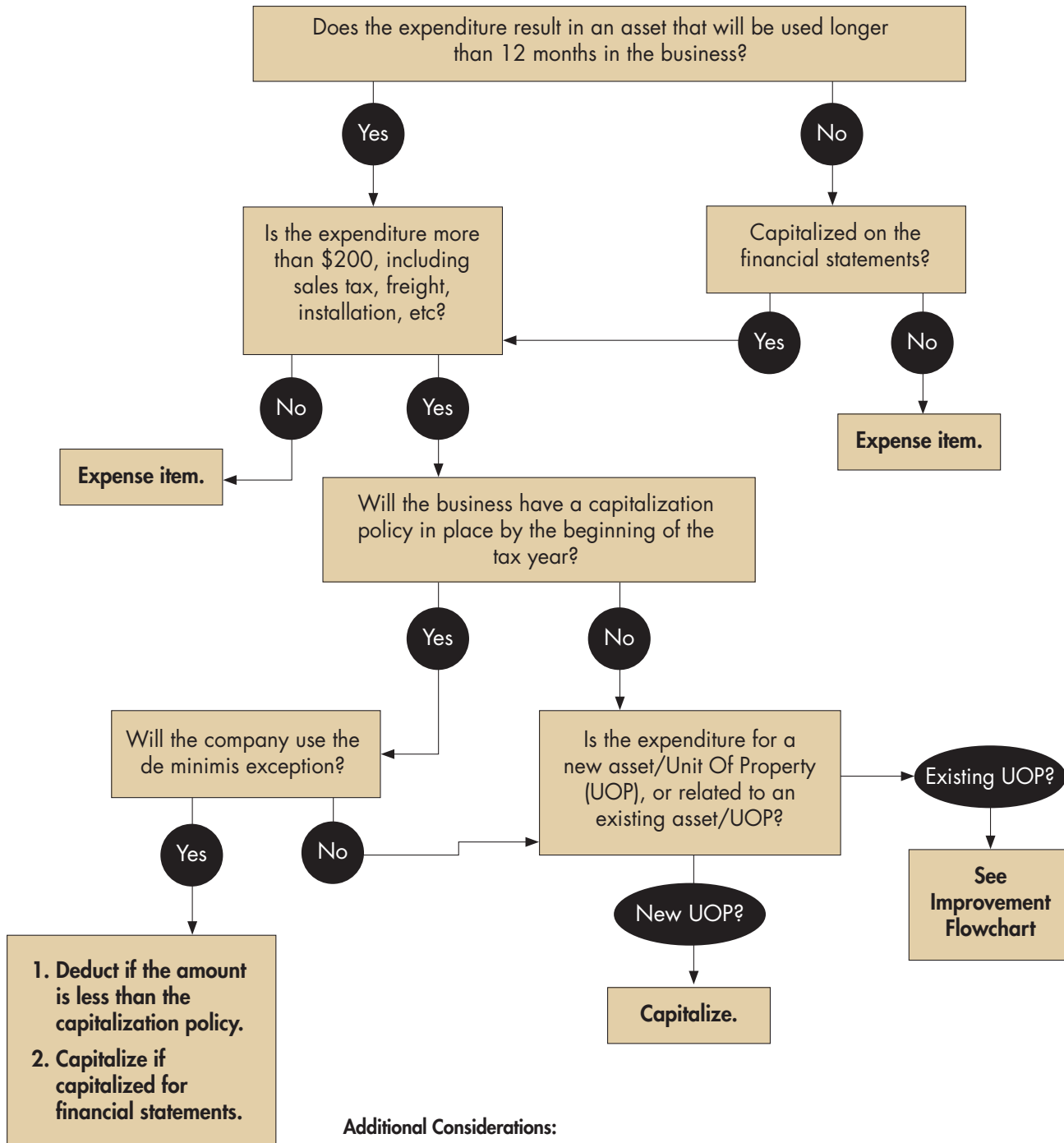


Repair Regulations – Expense vs. Capitalize Analysis Flowchart

The final Repair Regulations contain guidance regarding how to treat expenditures related to tangible property. The following flowcharts will assist in analyzing invoices and determining the proper treatment of expenditures.

Materials and Supplies Flowchart



Additional Considerations:

1. When applying the flowchart above, it is important to look at the per-unit cost, as opposed to the total invoice cost. It is very common for multiple UOP to be included on one invoice. It is also very common for multiple invoices to make up a single UOP.
2. It is very important to implement a written book capitalization policy prior to the beginning of the tax year, in order to apply the de minimis rules for purchases under a specified threshold.

Improvement Flowchart

