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Updated Rules for Expensing vs. Capitalizing Costs

The IRS recently updated rules on determining when to capitalize or expense property and equipment.

As part of these regulations, the IRS provided a de minimis safe harbor of \$2,500 for expensing tangible property. For businesses to take advantage of this safe harbor, they must have a written capitalization policy effective at the beginning of the tax year. The policy must specify that assets costing \$2,500 or less or with a useful life of less than 12 months should be expensed.

For further reading on the new regulations, visit:

<https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Tangible-Property-Final-Regulations>

For further information on how this will impact your business, contact VSH CPAs at 360-734-8715 or info@vshcpa.com.