



Is it Time for a Depreciation Schedule Cleanup?

No one likes housekeeping chores. But there are a few housekeeping duties your CPA would probably like for you to tackle, including cleaning up your depreciation schedule.

You know that schedule — the one that lists your property, plant and equipment . The one that likely contains trucks sold long ago and equipment recycled in ages past? Depending on how long ago you actually revisited your depreciation schedule, there's a chance that it's significantly out of date. Look for these common problems:

- **Forgotten assets** – It's likely you'll find at least a few assets you no longer own but neglected to remove from the schedule. Why pay property tax on them if they are no longer in your possession? Every dollar counts.
- **Bad descriptions** – Exactly which piece of equipment is “press”? Which delivery vehicle is “trailer”? Vague descriptions make it difficult to quickly assess whether the asset is still in use.
- **Related expenses** – It may be that your descriptions are fine, but there are related expenses such as freight, components or upgrades that are not properly “linked” with the asset description. Disorganization makes it difficult to capture costs associated with the asset when it's time to take it off the books.
- **Capitalization threshold errors** – Why is the \$150 coffee table in your conference room on your depreciation schedule? It may be that you raised your depreciation threshold over the years, but never removed the assets that no longer made the cut. Address policy changes as they are made.

By not keeping your depreciation schedule current, you're possibly paying more taxes than you are required to. In addition, you may be giving potential lenders, buyers or auditors the impression that your recordkeeping is less than tidy. Take the time to keep your books clean by reviewing your depreciation schedule for disposals once a year.

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We are committed to your success and we hope you find this information valuable. Contact [Michael J. Devereux II, CPA, CMP](#) or [Ross E. Hewitt III, CPA](#) today to discuss your specific situation.



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