



Wolters Kluwer

Depreciation for Accounting and Tax Purposes Course Instructions

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Instructions to Participants

To assist the participant with navigating the learning process through to successful completion, this course has been produced with the following elements:

Overview of Topics / Table of Contents: In this electronic format you'll find a slide menu on the left side of the screen. This serves as your overview of topics for the program. You may navigate to any topic by clicking on the slide name.

Definition of Key Terms / Glossary: You'll find key terms defined for this program in the course information on the following page(s).

Index / Key Word Search: You can find information quickly in the PDF materials (slide handout plus any additional handouts) by using the search function built into your Adobe Reader.

Review Questions: Questions that test your understanding of the material are placed throughout the course. You'll see explanatory feedback pop up for each incorrect answer, and reinforcement feedback for the correct answer for every review question.

Final Exam: The final exam measures if you have gained the knowledge, skills, or abilities outlined in the learning objectives. You may submit your final exam at the end of the course. Exams are graded instantly. A minimum score of 70% is required to receive the certificate of completion. **You have one year from date of purchase to complete the course.**

Course Evaluation: Once you have successfully passed your online exam, please complete our online course evaluation. Your feedback helps Wolters Kluwer maintain its high quality standards!

About This Course

This section provides information that is important for understanding the course, such as course level and prerequisites. Please consider this information when filling out your evaluation after completing the course.

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Course Description

Nearly all businesses invest in assets that are used in operating the business. The cost of long-lived assets is spread over the useful life of the asset and expensed against revenue for both accounting and tax purposes through a process called depreciation. However, the methods allowed for tax purposes and those allowed for financial reporting purposes are quite different. There are also conceptual differences between Generally Accepted Accounting Principles for the United States (GAAP) and International Financial Reporting Standards (IFRS).

This course will cover the various methods of depreciation, which are allowed for tax purposes and which are allowed under the accounting standards and why businesses must keep more than one set of books when it comes to accounting for fixed assets.

Learning Objectives

Upon successful completion of this course, participants should be able to:

- Identify depreciable property by which property is depreciable and which costs must be included (capitalized)
- Identify the information required to use a particular method
- Recognize tax methods used to accelerate cost recovery, including bonus depreciation and section 179 first year expensing
- Describe how to track and reconcile depreciation expense and book value when more than one method is required
- Recognize which asset is ineligible for straight-line depreciation
- Identify the most frequently used accounting method of depreciation
- Differentiate depreciation methods and how they apply
- Recognize which type of tax method depreciation must be used for most assets
- Describe what is classified as 15-year property for MACRS purposes
- Differentiate which type of tax method depreciation allows for a deduction for all or part of eligible property and is elected by completing Part I of Form 4562
- Identify a factor which affects the useful life of an asset
- Identify a relatively simple method of depreciation for accounting purposes which is easily understood by management
- Calculate the annual depreciation amount assuming a 4-year useful life
- Identify an alternative method to MACRS which provides different methods and recovery periods to compute depreciation
- Recognize which conventions are used if the mid-month and mid-quarter are not applicable
- Identify which type of asset is depreciated using the straight-line method
- Describe which asset has a 5-year life for purposes of MACRS depreciation

NASBA Field of Study

Taxes. Some state boards may count credits under different categories—check with your state board for more information.

Course Level

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Prerequisites

None.

Advance Preparation

None.

Course Expiration

AICPA and NASBA Standards require all Self-Study courses to be completed and the final exam submitted within 1 year from the date of purchase as shown on your invoice. No extensions are allowed under AICPA/NASBA rules.

Key Terms

- **Depreciation:** (Tax) Procedure used to recover the cost of the asset through tax deductions (cost recovery).
- **MACRS:** The tax depreciation system used in the U.S.
- **Salvage Value:** Estimate of asset's value at end of benefit period.
- **Sum of Years Digits:** A form of accelerated depreciation that is based on the assumption that the productivity of the asset decreases with the passage of time.
- **Straight-Line Method:** The default method used to recognize the carrying amount of a fixed asset evenly over its useful life.
- **Useful Life:** Estimate of length of time asset is expected to be productively used in operations.