**SAMPLE**

**Capitalization Policies for the Acquisition, Management, Repair and**

**Maintenance of Company-Owned Tangible Property**

**Purpose:**

These guidelines shall be observed by the management and staff of the company, who are directly concerned with the accounting and management of company-owned tangible property, in relation to all transactions related to the acquisition, maintenance, sale or other final disposition of such property.

The guidelines set forth in this document shall be known as the company's capitalization policies, and serve as the company's compliance with the Internal Revenue Code and the tangible property regulations promulgated thereunder. The guidelines are intended to be used for the company's financial accounting purposes.

**Tangible Property**:

Refers to all tangible personal and real property acquired or produced by the company as implements, tools, materials, supplies, equipment, furniture, land, buildings, and fixtures for its place(s) of business for the purpose of carrying out all aspects of business operations.

**Tangible Property Not Subject to Capitalization:**

**Alternative 1:** **De Minimis Amounts:**

Amounts paid to acquire or produce tangible property not exceeding [a specified dollar amount] are to be charged to the appropriate de minimis property expense accounts. All tangible property expenditures with an acquisition or production cost under the stated threshold are to be charged to the expense accounts. This policy does not apply to land and property intended to be included in inventory.

**Alternative 2: De Minimis Amounts:**

Amounts paid to acquire or produce tangible property having an economic useful life (as defined in §1.162-3(c)(4)) of 12 months or less are to be charged to the appropriate de minimis property expense accounts. All tangible property expenditures with an acquisition or production cost under the stated threshold are to be charged to the expense accounts. This policy does not apply to land and property intended to be included in inventory.