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ALERT: Review assets now to identify potential benefits from final IRS "repair regs"

The IRS' fall 2013 release of final rules on tangible asset costs (often called the "repair regs") was meant as the definitive word on expensing versus depreciation. But before taxpayers can reap the potential benefits of this complex regulation, **a depreciation review with your tax professional is a top priority to avoid losing tax benefits while they are still available. Capturing a one-time write-off for partial dispositions that occurred before 2012 is only available on 2013 tax returns.**

The repair regs spelled out explicit rules for types of property costs which must be capitalized, what systems should be tracked separately, and how to determine which types of changes fall under capitalization requirements, as well as many other issues. A comprehensive depreciation review of your assets is designed to:

- Identify any **assets that have been "improved"** (based on the final rules' definition of "improved") that still have a remaining net tax book value – **<u>this must occur on the 2013 tax return for pre-2012 items.</u>**
- Identify any **assets that have previously been capitalized that are now NOT required to be capitalized** under the final rules
- Identify any **assets that have previously been depreciated using an incorrect life or method**

Conducting a depreciation review and implementing any changes needed now could help save you time and tax dollars throughout the year as well as streamline your tax filings for the 2014 tax year.

This alert is the first of several you may expect to see this year, as AGH's tax team prioritizes notification about the repair regs based on the possible impact on your tax liability.

To discuss how the repair regs could affect your company, please contact your AGH tax professional, or AGH senior vice president Shawn Sullivan at (316) 291-4110 or Shawn.Sullivan@aghlc.com.

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