



1655 South 25th Street
Lincoln, NE 68502

402-477-3822
Fax: 1-866-344-3032
burrbusiness@windstream.net

Capitalization Policy

In 2015 the IRS released changes in items that could be considered deductible as repairs, maintenance, and small deductible purchases. These Regulations allow, with the adoption of the below \$2500.00 de minimis policy, businesses to deduct the first \$2500.00 of repairs, maintenance, and small purchases but require items costing more than the \$2500.00 de minimis to be subjected to up to twenty (20) additional tests regarding a twelve (12) month usage life, betterments, adaptations, and restorations. We hereby state that we have applied these tests to all repairs, maintenance and equipment and have appropriately determined whether the expenses are properly classified as expendable items or as capitalization items. We also adopt the de minimis policy below for the tax year beginning January 1, 2022, which is our first adoption of a repairs, capitalization and de minimis policy.

“We hereby adopt for book and Federal income tax purposes the following policy regarding capitalization expenses for the year beginning January 1, 2022. In accordance with the Internal Revenue Code Sections 167 and 168 and related Regulations we have determined that amounts whose individual cost (including tax, installation, and delivery costs) does not exceed \$2500.00 will be deducted as incurred as an operating expense. Amounts exceeding this dollar limit will be examined individually to determine if their use or purpose requires capitalization under the betterment, adaptation or restoration rules used by the Internal Revenue Service and will be capitalized or expensed as incurred as a result of the application of those rules.”

Employer

By: (Print Name & Title)

Date

Form 3: Please provide a copy to Burr Business Service.