

USING DEPRECIATION

The depreciation subsystem is consistent for 1040, 1041, 1065, and 1120.

You can choose from common and individual depreciation options.

There is one depreciation detail input screen for each asset.

TOPICS

- [Navigation \(page 1\)](#)
- [Options \(page 9\)](#)
- [Data Entry \(page 12\)](#)
- [Reviewing Depreciation \(page 23\)](#)
- [Summary \(page 25\)](#)

NAVIGATION

To locate the main depreciation screen in the Organizer, from the Forms List Window, select the **Income** folder (1040). This folder may be called **Ordinary Income and Deductions** (1065) or **Income and Deductions** (1120).

1040

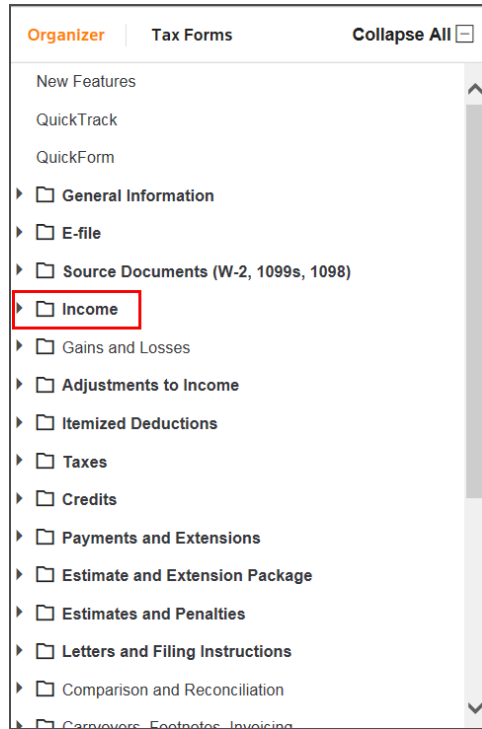


Figure 1

1065

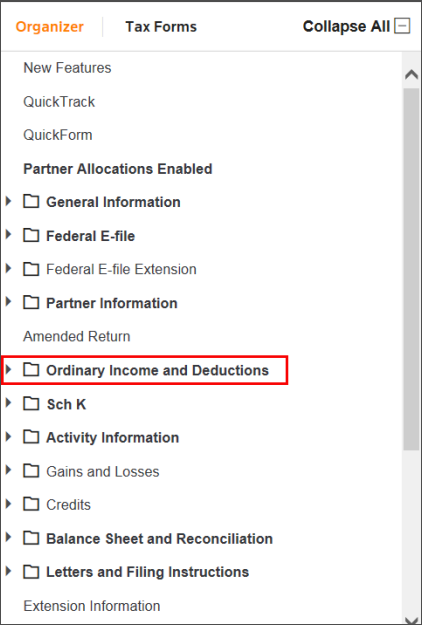


Figure 2

1120

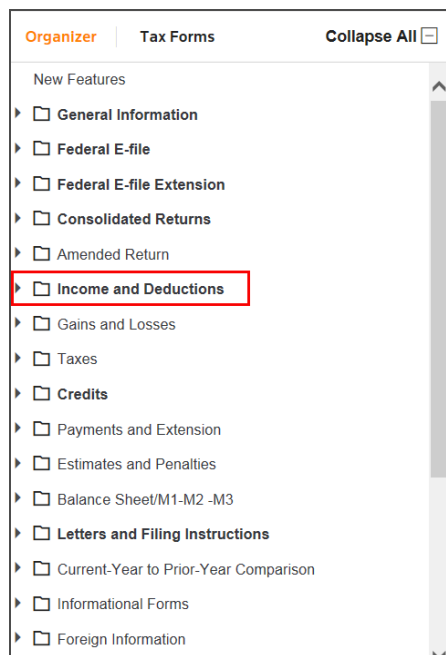


Figure 3

Select the applicable Organizer for the activity whose asset you are depreciating. For example, select the **Business Income** folder to depreciate a business asset, or select **Rent and Royalty** or **Vacation Home/Other Rental** to depreciate a rental property asset.

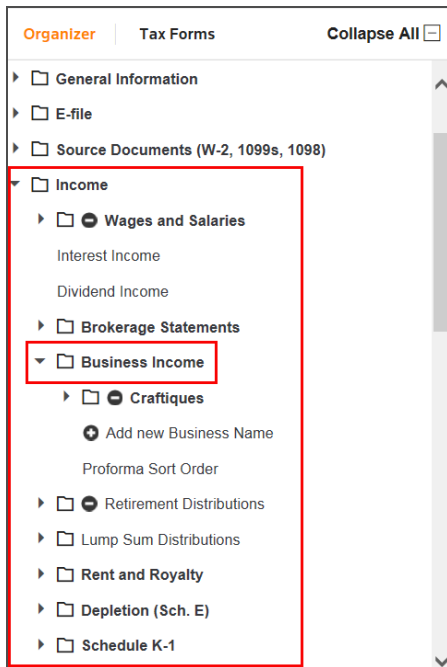


Figure 4

Under the entity that is depreciating the asset, select **Depreciation and Amortization**. You can select depreciation for the trade or business entity as shown here, or select any activity such as a farm, depletion, or passive activity.

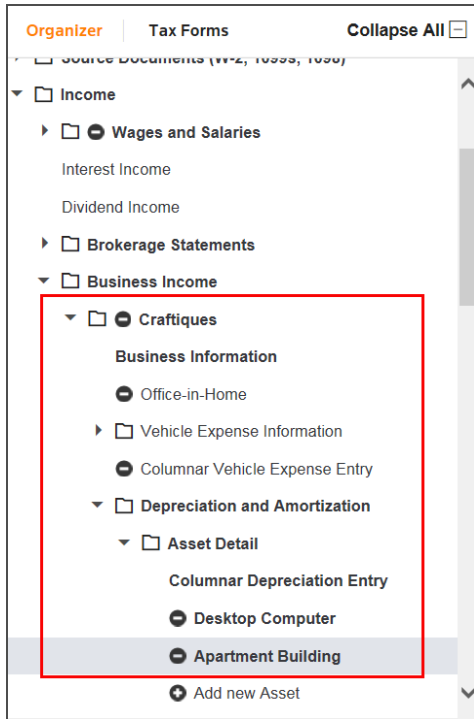


Figure 5

You can enter **Depreciation Options** for this return under the **General Information > Return and Print Options > Depreciation Options** tab.

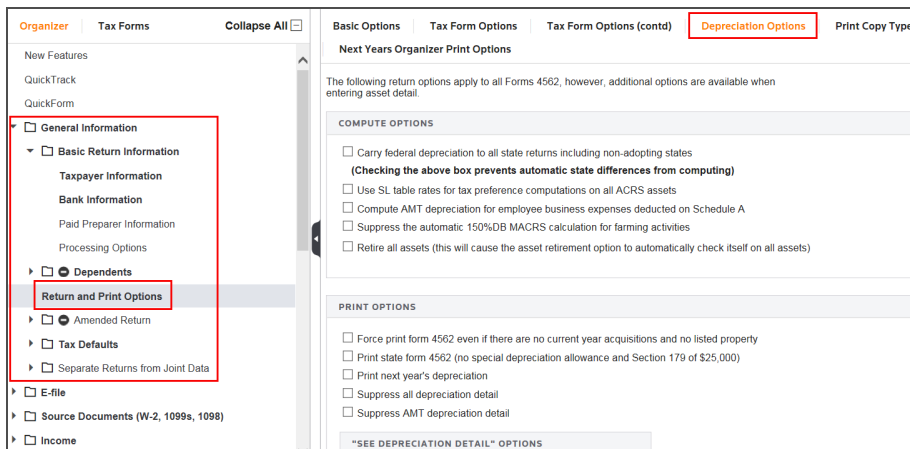


Figure 6

To see a list of existing assets or to add new assets, select the **Asset Detail** folder. All existing assets are shown. Select the asset, or choose **Add New Asset**.

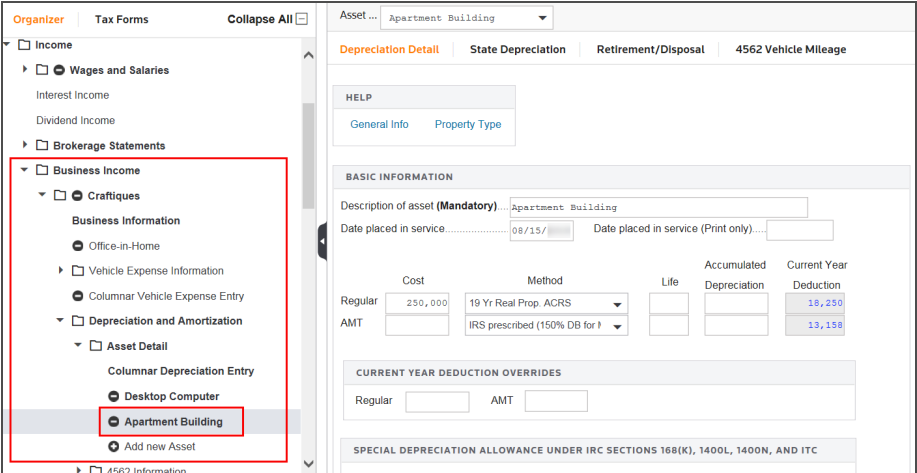


Figure 7

You can also enter multiple assets for the activity on the **Columnar Depreciation Entry** screen.

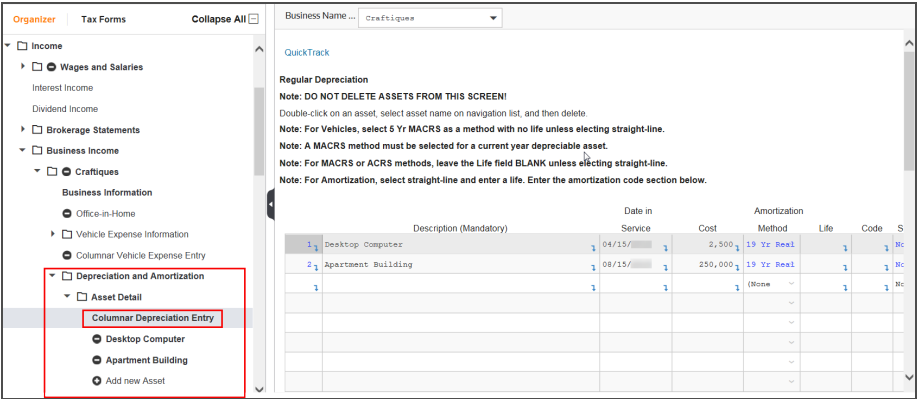


Figure 8

To enter detail information for each asset, select the **Depreciation and Amortization > Asset Detail** folder under the activity, and select the listed asset. Although the folders are slightly different for each type of return, they all have a form called **Asset Detail** where you enter the detail depreciation information for each asset. An asset's depreciation automatically ties to the activity based on what organizer you entered the information under. If you enter depreciation under the **Farm** Organizer, the depreciation ties to the farm.

The screenshot displays the software's navigation interface. On the left, the 'Organizer' tab is active, showing a tree view of tax forms. The 'Depreciation and Amortization' folder is expanded, and the 'Asset Detail' sub-folder is selected. Within 'Asset Detail', the 'Apartment Building' asset is highlighted with a red box. The 'Tax Forms' tab is also visible, showing the 'Depreciation Detail' form for the 'Apartment Building' asset. The form includes fields for 'Description of asset (Mandatory)', 'Date placed in service', 'Cost', 'Method', 'Life', 'Accumulated Depreciation', and 'Current Year Deduction'. The 'Current Year Deduction' is shown as 18,250 for Regular and 13,158 for AMT.

Figure 9

You can use the hyperlinks to take you from the Tax Forms to the related **Depreciation** Organizer screen.

OPTIONS

The tax application provides a central location to enter common depreciation options that apply to ALL Forms 4562. Open the **General Information > Return and Print Options** folder, and click the **Depreciation Options** tab.

The screenshot shows the 'Depreciation Options' tab selected in the top navigation bar. On the left, the 'Return and Print Options' folder is expanded, showing sub-items like 'Basic Return Information', 'Dependents', 'Amended Return', 'Tax Defaults', and 'Separate Returns from Joint Data'. The main content area is divided into two sections: 'COMPUTE OPTIONS' and 'PRINT OPTIONS'. The 'COMPUTE OPTIONS' section includes checkboxes for 'Carry federal depreciation to all state returns including non-adopting states' (which is highlighted with a red box), 'Use SL table rates for tax preference computations on all ACRS assets', 'Compute AMT depreciation for employee business expenses deducted on Schedule A', 'Suppress the automatic 150%DB MACRS calculation for farming activities', and 'Retire all assets (this will cause the asset retirement option to automatically check itself on all assets)'. The 'PRINT OPTIONS' section includes checkboxes for 'Force print form 4562 even if there are no current year acquisitions and no listed property', 'Print state form 4562 (no special depreciation allowance and Section 179 of \$25,000)', 'Print next year's depreciation', 'Suppress all depreciation detail', and 'Suppress AMT depreciation detail'. A button labeled '"SEE DEPRECIATION DETAIL" OPTIONS' is at the bottom.

Figure 10

If you select compute and print options on the **Depreciation Options** tab, they will apply to ALL Forms 4562. Additional options are available when you enter individual asset detail.

This is a close-up view of the 'Depreciation Options' tab. It shows the 'COMPUTE OPTIONS' section with the checkbox 'Carry federal depreciation to all state returns including non-adopting states' highlighted by a red box. Below this checkbox is the text '(Checking the above box prevents automatic state differences from computing)'. The 'PRINT OPTIONS' section is also visible, showing checkboxes for 'Force print form 4562 even if there are no current year acquisitions and no listed property', 'Print state form 4562 (no special depreciation allowance and Section 179 of \$25,000)', 'Print next year's depreciation', 'Suppress all depreciation detail', and 'Suppress AMT depreciation detail'. A button labeled '"SEE DEPRECIATION DETAIL" OPTIONS' is at the bottom.

Figure 11

In 1040, scroll down the **Depreciation Options** tab to the **MACRS Convention (override)** section. You can choose to override the MACRS convention for any of the years listed. The MACRS convention per asset is selected within **Asset Detail** data entry, and the depreciation expense is automatically calculated by the tax application, so no entry is necessary unless you want to override the MACRS Convention.

MACRS CONVENTION (OVERRIDE)									
20	Do not over	20	Do not over	20	Do not over	19	Do not over		
20	Do not over	20	Do not over	20	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		
20	Do not over	20	Do not over	19	Do not over	19	Do not over		

Figure 12

Scroll down the same screen to override the AMT Default Life. This option is available for all MACRS classes.

AMT DEFAULT LIFE FOR EACH MACRS CLASS	
For assets placed in service during the current year, we will use the regular MACRS recovery period for AMT purposes unless you specify a different life below.	
MACRS Class	AMT Default Life Override
3 Year Property.....	
5 Year Automobiles.....	
5 Year Property.....	
7 Year Property.....	
10 Year Property.....	
15 Year Property.....	
20 Year Property.....	
25 Year Property.....	
27.5 Year Property.....	
39 Year Property.....	

Figure 13

Use the **States > Common State > State Depreciation/Gains** screen to enter depreciation adjustments for states that do not adopt federal depreciation in any or all years. For 1040, these options are located under the **Depreciation Options** tab of the **General Information > Return and Print Options** Organizer.

SPECIAL DEPRECIATION ELECTION OUT STATEMENT		SECTION 195(B) ELECTION TO AMORTIZE START-UP EXPENDITURES	
Special Depreciation Elect Out Statement		The Section 195(b) election is a pre-defined election. Section 195(b) Election	

For states which do not adopt federal depreciation in any or all years, use the following defaults for:

ACRS Property	Method	Life
3-year property	↓	↓
3-year luxury car	↓	↓
5-year property	↓	↓

MACRS Property	Method	Life
3-year property	↓	↓
5-year property	↓	↓
5-year luxury car	↓	↓

Amortization Election Statement General Dependency 4562

Figure 14

Use the **Form 4562 Information** folder to answer vehicle questions and enter overrides for Form 4562 and Section 179, if necessary.

Organizer Tax Forms Collapse All

Property Name: Rental Apartment Bu

4562 Overrides State 4562 Overrides

You must enter the correct date and select the appropriate Method and Convention on this screen. Any other format will result in an electronic filing rejection.

CURRENT-YEAR DEPRECIATION MACRS PROPERTY

☐ Election to group assets into general asset accounts is made (Print Only)

If overrides are used enter all applicable information.

	Date in Service	Basis for Depreciation	Recovery Period	Convention	Method	Current Year Depreciation
3 year				(None selec)	(None selec)	
5 year				(None selec)	(None selec)	
7 year				(None selec)	(None selec)	
10 year				(None selec)	(None selec)	
15 year				(None selec)	(None selec)	
20 year				(None selec)	(None selec)	
25 year			25	(None selec)	S/L	
Res. Rental	MM/DD/YYYY		27.5	MM	S/L	
Nonres Rental	MM/DD/YYYY		39	MM	S/L	
ADS-class life				(None selec)	S/L	

Figure 15

DATA ENTRY

This is the main **Depreciation Detail** screen. To see more of the form, expand the form window.

The screenshot shows the 'Depreciation Detail' screen. On the left, a sidebar lists various categories under 'Farm Income'. The 'Columnar Depreciation Entry' section is expanded, and 'Farm Equipment' is selected. The main area displays the 'Depreciation Detail' tab for 'Farm Equipment'. It includes fields for 'Description of asset (Mandatory)', 'Date placed in service', 'Cost', 'Method', 'Life', 'Accumulated Depreciation', and 'Current Year Deduction'. There are also sections for 'CURRENT YEAR DEDUCTION OVERRIDES' and 'SPECIAL DEPRECIATION ALLOWANCE UNDER IRC SECTIONS 168(K), 1400L, 1400N, AND ITC'.

Figure 16

Enter all depreciation information for this asset here. You can scroll down this screen for more options and data entry fields.

This is a close-up of the 'BASIC INFORMATION' section. It contains the following fields and options:

- Description of asset (Mandatory):** Farm Equipment
- Date placed in service:** MM/DD/YYYY
- Date placed in service (Print only):**
- Cost:** Regular, AMT
- Method:** (None selected), IRS prescribed (150% DB for I)
- Life:**
- Accumulated Depreciation:**
- Current Year Deduction:**
- CURRENT YEAR DEDUCTION OVERRIDES:** Regular, AMT
- SPECIAL DEPRECIATION ALLOWANCE UNDER IRC SECTIONS 168(K), 1400L, 1400N, AND ITC:** Special depreciation allowance and ITC type

Figure 17

To ensure that depreciation calculates and prints correctly for each asset, you must enter the description, date placed in service, cost, and method or life.

The **Date placed in service** is a **mandatory** entry. Enter an 10-character date for calculation purposes. This should be the date that depreciation is to begin. You must enter a real **Date Placed in Service** for depreciation to compute. You can enter a nonstandard date for print purposes in the **Date placed in service (Print only)** field. You can enter the month and year or **VAR**.

HELP					
General Info		Property Type			
BASIC INFORMATION					
Description of asset (Mandatory).....		Farm Equipment			
Date placed in service.....		02/03/	Date placed in service (Print only).....		
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular		(None selected)			
AMT		IRS prescribed (150% DB for I			

Figure 18

The unadjusted cost is a **mandatory** entry that must be entered as a positive amount.

HELP					
General Info		Property Type			
BASIC INFORMATION					
Description of asset (Mandatory).....		Farm Equipment			
Date placed in service.....		02/03/	Date placed in service (Print only).....		
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	7 Yr MACRS		2,819	
AMT		IRS prescribed (150% DB for I			

Figure 19

Enter the AMT cost basis only if it differs from the cost basis for regular depreciation purposes. It is not necessary to reduce this cost by §179 expenses or bonus depreciation basis reduction. This entry is not required to compute AMT depreciation. If you make no entry, the regular depreciation basis is used.

Depreciation Detail		State Depreciation	Retirement/Disposal	4562 Vehicle Mileage	
<div>HELP</div> <div>General Info Property Type</div>					
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	(None selected)		2,814	
AMT	5,000	Straight-Line election for MACI			

Figure 20

The tax application provides all of the common depreciation methods for regular and AMT purposes.

Depreciation Detail		State Depreciation	Retirement/Disposal	4562 Vehicle Mileage	
<div>HELP</div> <div>General Info Property Type</div>					
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	(None selected)		2,814	
AMT	5,000	Straight-Line election for MACI			

Figure 21

For MACRS and ACRS assets, leave the **Life** field blank; use this field only for pre-ACRS or straight-line methods. With no entry, the calculation defaults to class life.

Depreciation Detail		State Depreciation	Retirement/Disposal	4562 Vehicle Mileage	
HELP					
General Info Property Type					
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	(None selected)		2,814	
AMT	5,000	Straight-Line election for MACI			

Figure 22

If you enter *M5* (MACRS 5 year) as the **Method** and also enter *5* in the **Life** field, the tax return uses the straight-line election over five (5) years. Do not enter a life when using a MACRS or ACRS method to compute the asset using the prescribed declining balance percentage for the method selected.

HELP					
General Info Property Type					
BASIC INFORMATION					
Description of asset (Mandatory).... Farm Equipment					
Date placed in service..... 02/03/ Date placed in service (Print only)....					
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	5 Yr MACRS	5	2,819	
AMT	5,000	IRS prescribed (150% DB for I			

Figure 23

Accumulated depreciation should reflect the actual business depreciation expensed in all prior years. Enter the total accumulated depreciation for all prior years here for each asset. Do not include prior year §179 deductions or prior year special depreciation deductions in the accumulated depreciation amount.

HELP					
General Info		Property Type			
BASIC INFORMATION					
Description of asset (Mandatory).... Farm Equipment					
Date placed in service..... 02/03/		Date placed in service (Print only)....			
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	5 Yr MACRS	5	2,819	
AMT	5,000	IRS prescribed (150% DB for 1			

Figure 24

Even though this is an Organizer screen, the **Current Year Deduction**, a system-generated amount, is shown here for your convenience.

HELP					
General Info		Property Type			
BASIC INFORMATION					
Description of asset (Mandatory).... Farm Equipment					
Date placed in service..... 02/03/		Date placed in service (Print only)....			
	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular	5,000	5 Yr MACRS	5	2,819	376
AMT	5,000	IRS prescribed (150% DB for 1			376

Figure 25

(1065/1120 only) Notice the **ACE** and **Book** fields. These are found on business returns only. You can override the automatic calculation for current year depreciation deduction for Regular, AMT, ACE, or Book purposes by making entries here. The fields circled in red are **ACE** and **Book depreciation**. ACE is automatically calculated when applicable, unless you suppress it.

Depreciation Detail		State Depreciation	Retirement/Disposal	Vehicle Mileage
HELP				
DATA ENTRY ERRORS exist for this asset that must be corrected. Use this link.			Data Entry Error Message Board	
			Data Import Error Message Board	
			Data Entry Review and Information	
Depreciation Asset Data Entry Help ?				
BASIC INFORMATION				
Description of asset (Mandatory).....		New Asset	Retired Asset.....	
Date placed in service.....		MM/DD/YYYY	Date placed in service (Print only).....	
Cost	Method	Life	Accum. Dep.	
Regular.....	None selected (default)			
AMT.....	IRS prescribed (200% DB/150% DB for MACRS, SL for Real and Leased Propri			
ACE.....	SL			
Book.....	None selected (default)			
CURRENT YEAR DEDUCTION OVERRIDES				
Regular.....	AMT.....	ACE.....	Book.....	
Note: If the asset is past its useful life, overrides will not be included in Form 4562 computations or in whitepaper detail print. An AMT override will generally not be used if special depreciation is elected and should not be used for assets placed in service after				

Figure 26

To override any of the computed current year deductions for Regular or AMT, ACE or Book depreciation, enter the deduction amount or *NONE* in these fields. The business use percentage is applied to the regular current year override field only.

Depreciation Detail		State Depreciation	Retirement/Disposal	4562 Vehicle Mileage
HELP				
General Info Property Type				
Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular 5,000	(None selected)		2,814	
AMT 5,000	Straight-Line election for MACI			
CURRENT YEAR DEDUCTION OVERRIDES				
Regular	AMT			

Figure 27

A similar regular current year override field exist in 1065/1120 as well.

CURRENT YEAR DEDUCTION OVERRIDES

Caution: Generally, a regular depreciation override entered here will be used on states unless a corresponding override is entered on the State Depreciation tab for this asset. Do not enter an override for an asset with a method of Land/Nondepreciable.

Regular..... AMT..... ACE..... Book.....

Figure 28

Once you scroll down the **Depreciation Detail** screen, you can access other depreciation options. To compute a valid §179 amount, you must enter a MACRS method and a current year date for the asset.

IRC § 179 EXPENSE

Caution: Generally, a prior year IRC § 179 amount entered here will be used on states unless a corresponding override is entered on the State Depreciation tab for this asset.

IRC § 179 expense election.....

Current year override/Prior year IRC § 179.....

☐ Qualified Real (Improvement) property with a prior year IRC § 179 and limit to \$1,025,000 (Qualified zone property) Section 179 expense (Elect 179 expense above)

☐ The option to "Override current year IRC § 179 (Specify amount)" Override current year IRC § 179 (Specify amount) Area limitations apply for this depreciable asset

PROPERTY PLACED IN SERVICE IN

☐ Qualified Zone ☐ New York Liberty Zone ☐ Not applicable

Note: If qualified zone or New York Liberty zone is selected here, we use 50% of this asset's cost in computing the total cost of IRC § 179 property.

Figure 29

To compute AMT depreciation when using an ACRS method, you must select a choice from the list box. AMT is automatically calculated for MACRS assets. If you want to suppress the automatic calculation, select a choice here.

COMPUTE AND PRINT OPTIONS

MACRS ADS STRAIGHT-LINE OPTIONS (MACRS METHOD AND REGULAR TAX LIFE ARE ALSO REQUIRED ENTRIES)

☐ Not due to TCJA--Elected or required to use MACRS ADS for entire asset life (foreign use, listed property with less than 50% business use, etc.)

☐ Not due to TCJA--Switch from MACRS GDS to MACRS ADS required after asset placed in service (foreign use, listed prop with < 50% bus use, etc.)

☐ Due to TCJA--Required to use MACRS ADS for entire asset life for reasons including section 163(j) changes

☐ Due to TCJA--Switch from MACRS GDS to MACRS ADS required after asset placed in service for reasons including section 163(j) changes

☐ Not applicable

Note: If either "Switch from MACRS GDS to MACRS ADS" option is selected, this asset will be computed using formulas and basis/remaining life.

Non-adopting State life (Override, use only when "Due to TCJA" ADS option is selected to trigger State GDS straight-line method calculations).....

☐ Use formulas, not IRS tables

☐ Use basis/remaining life for MACRS S/L

☐ Indian reservation property (Placed in service before 1/1/2018)

☐ Do NOT carry depreciation to states

☐ Natural gas gathering line exempted from AMT depreciation adjustment. Select a method of 7 Yr MACRS

☐ Cell phone to be treated as listed property for state purposes Note: This option only applies to states NOT adopting Federal special depreciation AND not adopting Federal IRC § 179. Use this option only if the Property Type rectangle above is Not applicable for Federal.)

☐ This asset was placed in service in Kansas during this taxable year so include it on Form K-120EX

MACRS convention (Override)..... Half-year

Depreciation Whitepaper category.....

Amortization Whitepaper category.....

AMT preference.....

ACE original life.....

Figure 30

To indicate that an asset is retired, go to the **Retirement/Disposal** tab, and check the box outlined in **red** below.

Depreciation Detail	State Depreciation	Retirement/Disposal	4562 Vehicle Mileage
HELP			
Retirements			
RETIREMENTS			
<input type="checkbox"/> Retire asset	Unique Bulk sale identifier <input type="text"/>	Number of months to depreciate (Override) <input type="text"/>	
PARTIAL DISPOSITIONS			
CAUTION: Enter ALL of this asset's detail and turn the auto-compute function off before pushing the button below. The "Create Partial Disposition" pushbutton will split as asset into two assets based upon your percentage of assets to dispose entry or the numerator and denominator.			
After your review, you should DELETE the original asset from the navigation tree.			
Percentage of assets to dispose, if not 100%, as decimal (99% = .99).....			<input type="text"/>
OR			
Portion of regular cost to be disposed (Numerator) (Override)			<input type="text"/>
Total of regular cost from original assets (Denominator).....			5,000

Figure 31

If you do not retire this asset on Form 4797, you must either enter the number of months to depreciate the asset within the current year, or override the current year depreciation deduction. If the asset is part of a bulk sale transaction, type a unique identifier (01-99) in the field outlined in **red** for each bulk sale transaction. Use the same identifier for each asset that is part of the same bulk sale. You must also type a date retired or sold on Form 4797 to retire an asset to Form 4797.

Retirements
☐ Retire asset **This box must be checked:**
 (a) if a Bulk Sale Identifier is entered.
 (b) a partial disposition is being made of this asset.

BULK SALE
Bulk sale identifier (Send asset detail information to "Gains and Losses")..... ?
Navigate to "Organizer | Gains and Losses | Disposition of Property | Disposition Detail | Disposition of Property Columnar Entry" to complete the bulk sale transaction.
Number of months to depreciate (Override).....

PARTIAL DISPOSITION
Percentage of asset to dispose, as decimal (99% = .99).....
OR
Portion of regular cost to be disposed (Numerator) (Override).....
Total regular cost from original asset (Denominator).....
 ?

Figure 32

Here are some additional compute/print options. The **Whitepaper Category** list box allows you to sort your assets by category when printed, shown here for 1065.

PRINT OPTIONS

[Print Options for Consolidated Companies](#) (active only on consolidation entities)

IRC § 199A QUALIFIED BUSINESS INCOME (QBI) DEPRECIATION DETAIL FOR 2.5% LIMITATION (1120S ONLY)

☐ Print qualified business income (QBI) depreciation detail

☐ Include ALL depreciation assets in QBI depreciation detail print (also select the print option above)

☐ Print amortization but do not carry to the return

☐ Print "Election made under IRC Â§ 168(i)-6(i)" atop Form 4562

☐ Print "Taxpayer Maintains Detail" on line 19c

☐ Print Form 4562, Part V, Section A (Listed Property) with condensed font

Amortization election statement..... [Detail](#)

IRC Â§ 195 election (Election to Deduct Start-Up Expenditures)..... [Detail](#)

SPECIAL DEPRECIATION ALLOWANCE ELECTION OUT STATEMENT

The IRS has issued instructions for electronically filing this statement. The statement should be prepared in Organizer | Federal E-file | Attachments | General Dependencies. Do not use the depreciation General Dependency. Only one Statement should be filed with the tax return and attached at the federal return level.

SORT DEPRECIATION WHITEPAPER BY CATEGORIES

☐ Print and sort depreciation detail using whitepaper categories

DEFINE WHITEPAPER "CUSTOM CATEGORY" DESCRIPTIONS FOR DEPRECIATION ONLY

Category one.....

Category two.....

Category three.....

Category four.....

Figure 33

The 1120 screen contains some additional available options. You should always use the **Property Type** section when entering vehicles or listed property. 1040 does not have this section.

PROPERTY TYPE

Truck or Van [Computation Definitions ?](#)

☐ Vehicle acquired before September 28, 2017, but not placed in service until after September 27, 2017 (Select vehicle property type above)

CARRY DEPRECIATION TO

☐ Cost of goods sold ☐ Cost of operations ☒ Form 1120, page 1 (default)

BUSINESS USE PERCENTAGE AND SALVAGE VALUE

Business use percentage if not 100%, as decimal (99% = .99).....

Salvage value as decimal (99% = .99).....

Figure 34

Vehicle, Home Depreciation, and Business Expense depreciation options relate to using the general business expense schedule instead of Form 2106. 1065 does not have this section.

VEHICLE AND HOME DEPRECIATION

☒ Do not allocate or prorate depreciation

Asset Classification: **Not applicable**
 Vehicle 1 depreciation detail
 Vehicle 2 depreciation detail
 Vehicle 3 depreciation detail
 Vehicle 4 depreciation detail
 Vehicle 5 depreciation detail
 Vehicle 6 depreciation detail
 Office-in-Home depreciation
 Home depreciation (Form 8829)
 Depr. to Business Exp. Schedule

PROPERTY TYPE

☐ Listed / vehicle over 6,000 lbs
☐ Sport Utility Vehicle (SUV)
☐ Automobiles
☐ Truck or Van
☐ Electric vehicle
☐ Foreign use
☒ Not applicable

Figure 35

(1065 only) You can specially allocate §754 or other depreciation that needs to be specially allocated. 1040 and 1120 do not have this section.

SPECIALLY ALLOCATED DEPRECIATION (NOT APPLICABLE FOR DEPLETION ACTIVITIES)	
Note: If an IRC § 754 or special allocated depreciation option is selected below, a 2-digit special allocation code is mandatory. The special allocation code must be 2 characters. Do NOT use ZERO as the first character.	
OPTIONS	2-DIGIT SPECIAL ALLOCATION CODE
<input type="radio"/> IRC § 754 depreciation included in income	Regular depreciation.....
<input type="radio"/> IRC § 754 depreciation not included in income	AMT depreciation.....
<input type="radio"/> Special allocated depreciation included in income	ACE depreciation.....
<input type="radio"/> Special allocated depreciation not included in income	
<input type="radio"/> Not applicable	

Figure 36

REVIEWING DEPRECIATION

Workpapers provide an excellent review feature. Select the appropriate line in Tax Forms (1120 Page 1, line 20 here), and the drill-down hyperlink will take you to the related workpapers or tax forms.

11	Total income. Add lines 3 through 10.	11	176,148
12	Compensation of officers (see instructions - attach Form 1125-E)	12	1
13	Salaries and wages (less employment credits)	13	1
14	Repairs and maintenance	14	116,477
15	Bad debts	15	1
16	Rents	16	12,000
17	Taxes and licenses	17	55,545
18	Interest (see instructions)	18	1,323
19	Charitable contributions	19	1
20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	111,510
21	Depletion	21	1
22	Advertising	22	1
23	Pension, profit-sharing, etc., plans	23	1
24	Employee benefit programs	24	1
25	Reserved for future use	25	
26	Other deductions (attach statement)	26	203,238
27	Total deductions. Add lines 12 through 26	27	676,241
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	9,087

Figure 37

Continue to drill down until you get to the worksheet. This worksheet appears on some of the tax applications. For 1120, you will see the next screen. Drill down again.

Total depreciation from Form 4562.....	111,810	↓
Less: Depreciation included in Cost of Goods Sold.....		↓
Depreciation included in Cost of Operations.....		↓
Depreciation included in Farm Operations.....		↓
Net depreciation to page 1.....	111,810	

Figure 38

Drill down again to access the **Depreciation Page 1 Summary** whitepaper.

Page 1 Summary	Detail Summary	AMT Detail Summary	ACE Detail Summary
Common State Depreciation Summary			
	Depreciation		Amortization
General Depreciation and Amortization.....	10,100	↓	
Rental Depreciation and Amortization.....		↓	
Farm Depreciation and Amortization.....		↓	
Depreciation from Pass Through Entities.....		↓	
Depletion Depreciation and Amortization.....	101,410	↓	
Total Depreciation and Amortization.....	111,510	↓	

Figure 39

SUMMARY

- The Depreciation subsystem is consistent for all tax applications.
- Use the main **Depreciation** Organizer screen to enter information and select applicable options for each asset.
- You must enter a description, date placed in service, cost, and method or life for depreciation to calculate properly.
- Access the depreciation area by going through the activity screens.
- Use the workpapers for easy-to-review asset summaries.

COPYRIGHT NOTICE

© 2019-2020 Thomson Reuters/Tax & Accounting. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and the Kinesis logo are trademarks of Thomson Reuters and its affiliated companies. More information can be found [here](#).

Last Updated: February 14, 2020