

## **De Minimis Expense Election Required Before Year End**

### **Article Highlights:**

- Accounting Procedure
- \$2,500 De Minimis Expensing
- Annual Election

Small businesses can adopt an accounting procedure that allows them to expense, rather than to capitalize, the purchase (cost) of tangible business property. Generally, the maximum that can be expensed under this provision is whatever amount the business decides between \$1 and \$2,500 per item or per invoice. So if you have not adopted the accounting procedure, you have until December 31, 2016, to do so for 2017. (The rules require that the accounting procedure be in place as of the beginning of the business's tax year.) In addition, and even if your business may have already adopted an accounting procedure, an annual election is required to be included with your 2017 tax return to apply the accounting procedure to 2017. This can be used for computers, printers, tools, etc., rather than the Sec 179 expense allowance, which recaptures as income if the item is disposed of early.

If you need assistance developing a de minimis expense accounting procedure and making the election to apply that procedure for 2017, please give this office a call.