

**Definitions:**

**Acquisition Cost defined (Utah Code Ann. 59-2-108):**

Acquisition Cost must include all costs required to put an item into service. These costs include the following:

1. The purchase price for a new or used item;
2. The cost of freight and shipping. Shipping costs includes, loading at origin, unloading at destination, crating, skidding and other applicable costs;
3. The cost of installation, engineering, erection, or assembly. Erection and assembly includes foundations, pilings, utility connections, and any other costs.
4. Sales and use taxes.
5. Any other costs related to putting a personal property into service are to be included in acquisition costs.

**Item of Taxable Tangible Personal Property is defined as (Admin Rule R884-24P-33(1) (d) :**

A piece of equipment, machinery, furniture, or other piece of tangible personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable tangible personal property is not an individual component part of a piece of machinery or equipment, but the piece of machinery or equipment. For example, a fully functioning computer is an item of taxable tangible personal property but the motherboard, hard drive, tower or sound card are not.

**Classification Class Life beginning in Tax Year 2013 (Utah Code Ann. 59-2-108):**

**Class 28: Non-Capitalized Personal Property:** Non Capitalized Personal Property is an item of machinery, equipment, furniture, computers, or any other tangible personal property that the acquisition cost has been totally expensed or written off in the year of acquisition. Any item of personal property whose acquisition cost is or has been depreciated using MACRS, Straight Line, or ACRS over several years for federal tax purpose **does not qualify** as being treated as Non-Capitalized Personal Property (Class 28)

“Non-Capitalized Personal Property” is an item of personal property that meets the following criteria:

1. Has an acquisition cost of \$1,000 or less;
2. Is claimed as allowed on a federal tax return as a deductible expense under Section 162 or Section 179, Internal Revenue Code, in the year of acquisition.
3. All Classes of Property qualify for the election to Class 28 (Non-Capitalized Personal Property).

Please note:

1. Any person who elects to designate personal property as “Non-Capitalized Personal Property” under Class 28 would need to provide proof of the acquisition cost of all non-capitalized personal property if selected for State Audit in accordance to Utah Code Ann. 59-2-306(3).
2. Any person who sells or disposes an item of taxable tangible personal property which has been designated as Non-Capitalized Personal Property or Class 28 must continue to pay taxes on such property until it reaches the 4<sup>th</sup> year on the Class 28 schedule.
3. Any person who elects to designate personal property as Non-Capitalized Personal Property or Class 28 property may not appeal the value of the property determined by the Class 28 Schedule.
4. An election to use Non-Capitalized Personal Property or Class 28 may not be revoked or transferred to any other Recommended Personal Property Valuation Schedule.