

SAMPLE CAPITALIZATION POLICY FOR A DENTAL OFFICE

The Company hereby adopts the following policies, which collectively will be referred to as our Capitalization Policy. This Policy is intended to be used for the Company's financial accounting purposes.

1. All assets, whether an improvement, betterment, restoration, or adaptation, or materials and supplies expenditures of \$500 or less will be expensed for our books and records when the expenditure is paid or incurred. Items below this threshold will not be considered for capitalization, whether they are, in fact, an improvement, betterment, or adaptation, but will be expensed as an ordinary and necessary business expense. The purpose of this policy is to comply with Treasury Regulations 1.263(a)-1(f).
2. The threshold amount in the prior section will be applied on a per-item, per-invoice basis.
3. This policy applies to any and all assets, whether leased or purchased, and whether financed or purchased outright by our Company.
4. Expenditures for assets that are expected to last one year or less when placed in service in our trade or business, no matter the dollar amount, will be written off when the expenditure is paid or incurred, in accordance with our regular method of accounting employed in our books and records. The purpose of this policy is to comply with Treasury Regulations 1.162-3(c).
5. This policy does not apply to the purchases of land, inventory, or any expenditure that we elect to capitalize and depreciate in our books and records.

Signature

Title

Date