

Taxpayer Name: \_\_\_\_\_

Taxpayer Address: \_\_\_\_\_

### Accounting Policy

For accounting purposes the company will expense all acquisitions under a specific dollar amount in 2021 and future years. Each item on an invoice will be affected by this policy.

Specific Dollar Amount	Record as
\$2,500.00 or less	DeMinimis Purchases

Example:

An invoice is paid for 5 printers at a cost of \$476 each and 2 tables at a cost of \$200 each. Delivery charges of \$100 are shown on the invoice for a total of \$2,880. This will be recorded as follows after allocating the applicable delivery charges.

Supplies Expense	450.00	(Tables 400 + Delivery 50)
DeMinimis Purchases	2,430.00	(Printers 2,380 + Delivery 50)
Accounts Payable or Cash	2,880.00	

To test the dollar limits, a ratable share of associated expenses shown on each invoice must be added to the per cost unit of each item. The following comments should assist you.

1. You are not required to include in the cost of tangible property the additional cost of acquiring or producing such property if these costs are not included in the same invoice as the tangible property.
2. You must include in the cost of each item all additional costs shown on the invoice. For example, delivery fees, installation service, sales tax or similar charges, when these costs are shown in the same invoice as the purchased items.
3. If the invoice includes amounts paid for multiple items of tangible property or expenses and such invoice includes costs related to multiple purchased items, you must allocate the additional invoiced costs to each item using a reasonable allocation method. There are no annual limits to this policy.

\_\_\_\_\_  
Signature

Date: 01/01/2021