

Differences Between Current And Capital Expenses:



Current Expense:

Deduct In The Year You Incur It

Reoccurs After A Short Period:

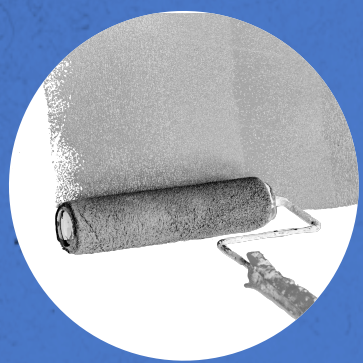
Restores The Property To Its Original Condition

Usually Replaces A Part Of The Property Instead Of A Separate Asset

Market Value Of The Expense Is Low (Never Use This As The Primary Determining Factor)

Done As Part Of Ordinary Maintenance

Examples:



Interior Painting

Repairing Wooden Steps



Replacing Carpet Flooring With New Carpet



Repaving The Driveway



Landscaping



Capital Expense:

Deduct Over Several Years By Claiming Capital Cost Allowance

Provides A Lasting Benefit

Improves The Property Beyond It's Original State

The Expense Is For A Separate Asset Rather Than A Part Of The Property Itself

Market Value Of The Expense Is High (Never Use This As The Primary Determining Factor)

Incurred To Prepare The Property Suitable For Use

Incurred To Make The Property Ready For Sale

Examples:



Upgrading The Flooring From Carpet To Hardwood

Purchasing A New Microwave For The Kitchen



Replacing Wooden Steps With Concrete



Building An Attached Deck To A Home



Installing New Windows

