

Interpretation of the Emerging Accounting Issues Working Group**INT 99-25: Accounting for Capital Improvements****ISSUE NULLIFIED BY SSAP NO. 40****INT 99-25 Dates Discussed**

October 4, 1999; December 6, 1999

INT 99-25 References

SSAP No. 40—Real Estate Investments (SSAP No. 40)

INT 99-25 Issue

1. Reporting entities may incur significant costs for capital improvements on property they own. These capital improvements frequently increase the useful life of the property.
2. If the property is already fully depreciated, should capital improvement costs be expensed as incurred or should they be capitalized and depreciated over the property's extended useful life?

INT 99-25 Discussion

3. The working group reached a consensus that these costs should be capitalized and depreciated over the remaining extended useful life of the asset.

INT 99-25 Status

4. No further discussion is planned.