

Agenda Item 8(b) Ratification of NAC 362.040

NAC 362.040 Deductions: Depreciation of capitalized costs. ([NRS 360.090](#), [362.120](#))

1. Except as otherwise provided by [NAC 362.100](#) to [362.160](#), inclusive, leasehold improvements and buildings must be depreciated over a 20-year period using the straight-line method.
 2. Except as otherwise provided by [NAC 362.100](#) to [362.160](#), inclusive, fixed machinery and equipment must be depreciated over a 20-year period using the straight-line method.
 3. Mobile machinery and equipment must be depreciated over a 10-year period using the straight-line method.
 4. Automobiles and light service vehicles must be depreciated over a 5-year period using the straight-line method.
 5. Except as otherwise provided by [NAC 362.100](#) to [362.160](#), inclusive, an integrated processing assembly must be depreciated over a 20-year period using the straight-line method. Subsequent additions to the unit must also be reported and be depreciated over a 20-year period using the straight-line method.
 6. If any property is disposed of before the end of the depreciation period, the remaining amount of allowable depreciation, if the property had remained in use, may be reported in total as an additional expense of depreciation for the reporting period. The amount of depreciation must be reduced by the amount of any consideration received for the property from sale, insurance recovery, trade-in or any other reimbursement, but not below zero.
 7. A mining operator may petition the Nevada Tax Commission for reconsideration of the allowable depreciation of property. The Commission may adjust the allowable depreciation if the petitioner presents satisfactory evidence that the expected life of the property is longer than that which is provided for in this section. If the Commission finds that the petitioner has presented satisfactory evidence that the expected life of the property is shorter than that which is provided for in this section, the petitioner must comply with the provisions of [NAC 362.100](#) to [362.160](#), inclusive, to apply for permission to depreciate the property in the accelerated manner prescribed by [NAC 362.140](#).
- [Tax Comm'n, Mine Proceeds Reg. No. 3 § 2, eff. 8-6-80]—(NAC A 9-13-91; R161-05, 2-23-2006)