Coding Capital and Non-Capital Equipment Properly

Equipment: Capitalized or Non?

Non-Capital Equipment	Capital
Any item or group of items that is valued at	A single item or any item that is part of a group of items
less than \$5000 and/or has a useful life of <u>a</u>	that must work together to provide useful results (see
<u>year or less</u> .	"system" and "fabrication" below) valued at \$5000 or
	more with a useful life of more than a year.

Capital Equipment: System or Fabrication?

System	Fabrication (Works in Progress or WIP)
Made up of components that must work together	Made of different parts that require assembly
to provide the required results. All components	before producing useful results. Must be "placed
must be dedicated to the system.	in service" after it's assembled and useful results
	are produced.

<u>Capital Equipment Charged to Sponsored Projects</u>: Check with your area grant manager when capital equipment needs to be charged to a sponsored project. The sponsor terms and the original proposal must be checked to determine whether capital equipment may be charged to that grant. Most federal sponsors won't allow equipment to be charged to projects unless it was specifically requested in the proposal or approved by the Office for Sponsored Programs and/or the sponsor before the purchase is made.

Equipment Object Codes: Using the correct object code is very important because it affects whether or not overhead is recovered and the amount of depreciation taken. Getting the coding right the first time helps ensure that equipment is coded properly in equipment databases, and saves a lot of administrative hassle in the long run.

Special Note: Shipping and Maintenance Charges: On an original invoice it is appropriate to charge shipping and maintenance costs to the proper **equipment** object code. Any shipping or maintenance charges on separate invoices, however, should be charged to the proper shipping or maintenance object codes.

6750	Computer Hardware <\$5000, GENERAL	Purchases of computer systems with unit cost below the capitalization limit.
6760	Noncomputer Equip, Furniture+Fixtures <\$5000, GENERAL	Purchases of furniture, fixtures and noncomputer equipment with unit cost below the capitalization limit.
6761	Vehicles^Noncomputer Equip, Furn+Fixt <\$5000	Purchases of vehicles which are not capitalized
6762	Household Furnishings^Noncomp Equip, Furn+Fixt <\$5000	
6763	Safety Equip^Noncomp Equip, Furn+Fixt <\$5000	

Non-Capitalized Equipment Object Codes: 6750-6765

6764	Environ Equip^Noncomp Equip, Furn+Fixt <\$5000	
6765	Scientific Equip^Noncomp Equip, Furn+Fixt <\$5000	

Capitalized Equipment Object Codes: 6800-6816

6800	Equipment, Furn+Fixtures >=\$5000 (Non- Consolidating Tubs Only)	For non-consolidated tub use only.
6801	Noncomputer Equip, Non-Sponsored^Equip >=\$5000	
6802	Noncomputer Equip, Sponsored^Equip >=\$5000	
6803	Computer, Non-Sponsored^Equip >=\$5000	
6804	Computer, Sponsored^Equip >=\$5000	
6805	Residential Furn+Fixtures, Non- Sponsored^Equip >=\$5000	
6806	Residential Furn+Fixtures, Sponsored^Equip >=\$5000	
6807	Office Furn+Fixtures, Non-Sponsored^Equip >=\$5000	
6808	Office Furn+Fixtures, Sponsored^Equip >=\$5000	
6809	Vehicle, Non-Sponsored^Equip >=\$5000	
6810	Vehicle, Sponsored^Equip >=\$5000	
6811	Non-Sponsored Work in Progress^Equip >=\$5000	Also called "fabrications."
6812	Sponsored Work in Progress^Equip >=\$5000	See 6811 above
6813	Scientific Equipment, Non- Sponsored^Equip >=\$5000	
6814	Scientific Equipment, Sponsored^Equip >=\$5000	
6815	Software, Non-Sponsored^Equip >=\$5000	Purchases of computer software and databases with unit cost equal to or above the capitalization limit, AND with a contractual term or useful life of more than two years. This code is used for purchases from non- sponsored funds only.
6816	Software, Sponsored ^Equip >=\$5000	Purchases of computer software and databases with unit cost equal to or above the capitalization limit, AND with a contractual term or useful life of more than two years. This code is used for purchases from sponsored funds only.

This document may be found at....

http://www.fas.harvard.edu/~research/training/documents/coding_equipment_properly.pdf