

Is it Equipment/a Capital Asset?

In other words, should an expense go in the **Equipment** section of a budget?

- Items in the **Equipment** section of an [OR Budget Template](#) are excluded from the **Modified Total Direct Costs (MTDC)** base used to determine indirect costs on a project.
- It is therefore important that any expenses entered in the **Equipment** section fit the specific definitions of Equipment, Software or Renovations/Facility Improvements as described below.
- If unsure, email [Equipment Management](#) at eghelp@ucdavis.edu

Equipment

- Non-expendable
- Standalone
- Normal useful life is 1 year or more
- Cost is more than \$5,000
- **NOT equipment:**
 - An upgrade to previously purchased equipment
 - Equipment that is bolted to a wall

Software

- A non-renewing (perpetual) software whose purchase price is \$5,000 or more per copy.
 - Standalone item, not tied to an asset.
- A non-renewing (perpetual) software license of any amount which is included as part of the cost of capital equipment.
- **NOT software:**
 - Any software with annual license fees and maintenance costs

Renovations/Facility Improvements

- Improvements or betterments
- Cost is \$35,000 or more