Depreciation Analysis & Reporting Tool (DART)
Driving efficient tax cost recovery calculations and planning through technology and analytics
Top tax cost recovery computation challenges

For many businesses, the depreciation of plant, property and equipment (PP&E) can be the single largest deduction on federal and state tax returns. Yet ...

- **The high volume of data** involved in the calculations can obscure the validity and recovery methods of assets.
- **Multiple fixed asset systems** may not be integrated.
- **Offline or top-side depreciation schedules** often require manual adjustments.
- **Timely fixed asset system patches and support are not available.**
- **Asset counts can place heavy stress** on a company’s infrastructure and existing cost recovery solutions.
- **Complications may arise** when fixed asset systems or enterprise resource planning (ERP) systems are upgraded or implemented.
- **The resources and tools needed for calculations** may not be available internally.

State tax depreciation complexities and conformity

- **Companies that conduct business and have assets in multiple states** face complex bonus depreciation rules.
- **Many states have “decoupled” from federal tax depreciation laws to remove the impact of bonus depreciation.**
- **States are adopting different approaches to depreciation deductions.**
- **Certain states have separate depreciation “regimes” for state-specific cost recovery computations.**
Deloitte has solutions that can help

Our core Depreciation Analysis & Reporting Tool (DART) services include:

**Depreciation outsourcing or staff augmentation** — assisting you with computation of annual or interim federal and state cost recovery, such as depreciation and gain/loss. We can extract the necessary data from your ERP systems and perform the calculations on our systems, or we can provide skilled personnel to assist you at your location(s) and using your in-house technology and solutions.

**Tax depreciation book creation** — creating additional sets of tax depreciation books, including Alternative Minimum Tax (AMT), Adjusted Current Earnings (ACE), Earnings and Profits (E&P), and non-conforming state regimes.

**Tax depreciation analytics** — applying advanced data analytics to identify tax planning considerations and potential tax risks related to your tax fixed asset data; analyze your current depreciation process and recommend improvements; and identify potential cash tax savings.

**Software vendor selection** — assisting with RFP development, tax fixed asset vendor demonstrations, and tax depreciation software selection. We are highly experienced with tax fixed asset software solutions and integration design as it relates to the major vendors.

**Budgeting, forecasting, and scenario analysis** — providing assistance and insights into your company’s data by calculating tax depreciation for financial forecasts, tax provision, long-range planning, and cash-tax planning.

**System implementation and leading practices** — assisting with leading your software implementation/upgrade or augmenting your staff to fill talent.
Deloitte’s DART team calculates tax depreciation for more than 200 companies and $20 billion in tax fixed assets.
Additional value-added services

Deloitte’s DART team also addresses other complicated tax technical cost recovery matters, such as short tax years, partial dispositions, technical terminations, general asset account elections, like-kind exchanges, group depreciation, among others.

- **Tax basis balance sheet and deferred tax validation**—assisting with analysis and validation of your company’s carried PP&E timing differences and related federal and state deferred tax balances.

- **Post-merger integration and merger readiness**—assisting your company with its tax systems integration in the wake of a merger or capital transaction.

- **Tax planning for fixed assets**—tax planning services associated with tax fixed asset data, including tangible property regulation compliance, placed-in-service dates (ready and available), bonus depreciation, guideline reclassification, IRC Section 174 expenditures, and IRC Section 263A capitalization.
3-phase approach tailored to your circumstances

Whether you prefer staff augmentation, full outsourcing, or something in between, we can tailor the following approach to address your particular situation.

**Phase 01**

Engagement planning and design—we analyze your tax depreciation challenges, tax reporting requirements and jurisdictions, and the compliance timeline and milestones.

**Phase 02**

Execution—we receive and process your fixed asset data, address your tax depreciation challenges and complexities, and compute the tax depreciation for federal, AMT, ACE, E&P, state, and other tax methods.

**Phase 03**

Delivery and tax data analytics—we package and deliver tax depreciation computations; tax depreciation reports to support tax depreciation reporting requirements, including federal income tax Forms 4562, 4626, and 4797; and the electronic fixed asset data files that support the depreciation reports. We also prepare separate state tax depreciation schedules and related adjustments for states that have decoupled from federal tax depreciation. Additionally, we leverage data analytics to help you gain insights into potential risks and anomalies in your data; analyze the risk of losing depreciable basis and state deductions; and identify potential ways to improve the quality and accuracy of your computations.
Why Deloitte

A dedicated national team of professionals specializing in tax cost recovery—tax and technology specialists with extensive experience in a variety of industries and solutions.

The flexibility to tailor our services to your organization’s objectives and approach—you can keep the process and systems in-house or outsource part or all of them to us.

Innovative use of tax data analytics—we help you understand and analyze your tax fixed asset data, as well as uncover planning considerations with respect to accelerating tax cost recovery.

Consistency and continuity—we strive to have the same team that meets with your organization during the engagement planning and design process to be the one that will perform the services and follow up.

Deloitte’s DART team strives to create both value and efficiencies. We can help you in your efforts to streamline and accelerate your tax depreciation planning and reporting processes.
Contacts

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