

ALE.10

Land and Land Improvements

Land is an asset, but it may not be depreciated because it has no ascertained useful life.

Land improvements include things like roads, terracing, and ponds. Whether land improvements have an ascertainable useful life and can be depreciated depends on where they are located. In areas prone to earthquakes and floods, it can be ascertained that most land improvements will fail at some time so land improvements can be depreciated. In places with roads and earthworks that are hundreds of years old, land improvements have no ascertainable useful life and may not be depreciated.

See *AT.5 Depreciable Assets and Tax Depreciation Methods* and [Tax Treatment of Conservation Payments](#).