

Fixed assets at year end

Federal and state depreciation for tax year 2025,
from last year's register to this year's Form 4562

TY25 / Tax returns

Tax returns Overview Filings

Categories Forms

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Federal 10 / 19 Form 4562 - Depreciation and Amortization (Including Information on Listed Property)

Form **4562**
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)
Attach to your tax return.
Go to www.irs.gov/Form4562 for instructions and the latest information.

Name(s) shown on return: **Brightfern Robotics, Inc.**
Business or activity to which this form relates: **Brightfern Robotics**

OMB No. 1545-0047
2024
Attachment Sequence Number: 28-4719

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2024 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2026. Add lines 9 and 10, less line 12	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions. See stmt.#7	14
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INTRODUCTION

Fixed assets are rarely the hardest part of a business return. They are often the slowest, and they are where federal and state numbers most often drift apart.

Tax year 2025 raises the stakes. The One Big Beautiful Bill Act changed Section 179 and bonus depreciation partway through the year, so the date an asset was acquired now decides how it is treated, and states are responding on their own timetables.

This paper sets out the 2025 federal rules, how they flow through Form 4562, how states depart from them with California as the worked example, and a workflow and review routine that cut the time fixed assets take at year end.

For tax preparers, reviewers and the partners who own business returns

Covers tax year 2025 federal and state depreciation

Why fixed assets slow year end down

Every current-year number depends on the prior-year schedule, and the prior-year schedule usually lives somewhere else.

The register arrives as an export from CCH Axcess Tax, UltraTax CS or Lacerte Tax, as a spreadsheet, or as the client's own book register. Each asset has to be rebuilt with its cost, placed-in-service date, recovery period, method, convention, any Section 179 or bonus taken, and accumulated depreciation.

Three books, one set of assets

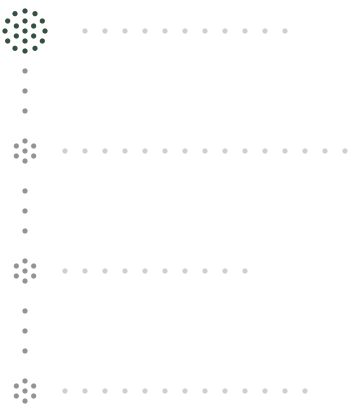
The same assets carry a book schedule, a federal tax schedule and a schedule for every state that does not follow federal rules. A client register often shows straight-line book depreciation and says nothing about the tax elections behind the return. Those elections decide every later year.

A law change in the middle of the year

For 2025, two assets placed in service on the same day can get different bonus rates, depending on when each was acquired. That puts the acquisition date, not just the placed-in-service date, on every addition.

Where the time goes

Retyping the register, chasing the election history, recalculating each asset and reconciling federal to state. Most of it is assembly, not judgment, and the judgment calls get crowded out.



The federal rules for 2025

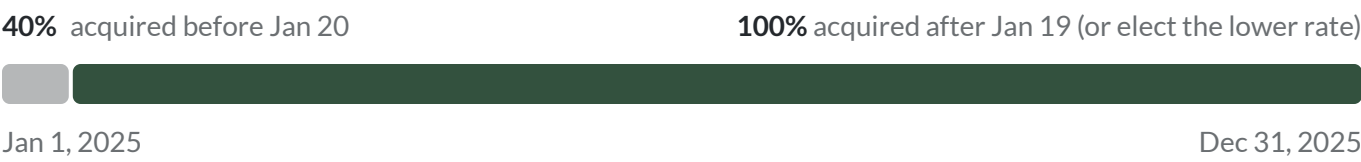
Sort additions by acquisition date first. For 2025 it decides the bonus rate.

Section 179

For tax years beginning in 2025, the maximum deduction is **\$2,500,000**, reduced dollar for dollar once Section 179 property placed in service exceeds **\$4,000,000**. It cannot exceed taxable income from the active conduct of a trade or business; any excess carries forward.

Bonus depreciation

Qualified property acquired after January 19, 2025 gets a **100%** special depreciation allowance. Property acquired before January 20, 2025 and placed in service in 2025 is limited to **40%**. For the first tax year ending after January 19, 2025, a taxpayer can elect the lower rate instead of 100%. Bonus applies unless the taxpayer elects out, by class of property.



Bonus rate by acquisition date, property placed in service in 2025.

MACRS conventions

Property	Method	Convention
3, 5, 7, 10-year	200% declining balance	Half-year; mid-quarter if over 40% of the year's basis is placed in service in the last 3 months
15, 20-year	150% declining balance	Same test
27.5, 39-year real	Straight line	Mid-month

Form 4562, part by part

Form 4562 is where the federal schedule meets the return. Each part ties to a different piece of the work.

Part	What it reports	Ties to
I. Section 179	Limits (lines 1 and 3), elected cost (line 8), business income limitation (line 11), carryover to 2026 (line 13)	Prior-year carryover on line 10
II. Special allowance	Bonus on qualified property (line 14)	Acquisition dates and elections out
III. MACRS	Prior-year assets (line 17) and 2025 assets by class (Section B, line 19)	The rebuilt prior-year schedule
IV. Summary	Total depreciation and amortization (line 22)	Depreciation on the return, for example Form 1120 line 20
V. Listed property	Vehicles and other listed property, business use	Mileage and use records
VI. Amortization	Costs amortized this year and in prior years	Code section per item

Who has to file it

Form 4562 is required for depreciation on property placed in service during the year, any Section 179 expense or carryover, depreciation on any vehicle or other listed property, and amortization that begins this year. A corporation other than an S corporation files it whenever it claims depreciation or amortization, even if every asset was placed in service in an earlier year.

The tie-out that matters most

Line 22 should equal depreciation on the return. On the sample return in this paper, Form 4562 line 22 and Form 1120 line 20 both read \$92,397.

Federal and state conformity: California

Each state decides whether to follow federal Section 179 and bonus rules. The federal schedule is a starting point, not the state answer.

California is the clearest example. For 2025 it generally follows the Internal Revenue Code as of January 1, 2025, before the OBBBA changes, and it does not conform to federal bonus depreciation at all. Its Section 179 deduction is capped at **\$25,000**, reduced once qualifying property exceeds **\$200,000**. Corporations report the difference on FTB 3885; individuals, partnerships, LLCs and fiduciaries use FTB 3885A, 3885P, 3885L and 3885F.

Tax year 2025	Federal	California
Section 179 maximum	\$2,500,000	\$25,000
Phase-out threshold	\$4,000,000	\$200,000
Bonus depreciation	40% or 100% by acquisition date	Not allowed
Corporate lives and methods	MACRS	California's own rules, so lives can differ
Form	Form 4562	FTB 3885 for corporations

The worked example

Brightfern Robotics, a C corporation, claims no bonus or Section 179 on its six assets. Its California depreciation is still lower, because FTB 3885 uses longer lives for its equipment.



2025 depreciation, six assets

Brightfern Robotics, tax year 2025. FTB 3885 line 17 (federal, from Form 4562 line 22) and line 16 (California). Line 18 carries the \$8,464 difference to Form 100 as an addition.

The state form

When the state book is built from the same asset records as the federal one, the adjustment is a by-product, not a reconciliation project. Here is Brightfern's FTB 3885 as Instead prepares it, in the return's PDF view.

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California 10 / 16 Form 3885 - Depreciation and Amortization

100%

TAXABLE YEAR **2025** **California FORM 3885**

Attach to Form 100 or Form 100W.

Corporation name **BRIGHTFERN ROBOTICS INC** California corporation number

Part I Election To Expense Certain Property Under IRC Section 179

1	Maximum deduction under IRC Section 179 for California	1	\$25,000
2	Total cost of IRC Section 179 property placed in service	2	
3	Threshold cost of IRC Section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for taxable year. Subtract line 4 from line 1. If zero or less, enter -0-	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		
7		

7 Listed property (elected IRC Section 179 cost) 7

8 Total elected cost of IRC Section 179 property. Add amounts in column (c), line 6 and line 7 8

9 Tentative deduction. Enter the smaller of line 5 or line 8 9

10 Carryover of disallowed deduction from prior taxable years 10

11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 11

12 IRC Section 179 expense deduction. Add line 9 and line 10, but do not enter more than line 11 12

13 Carryover of disallowed deduction to 2026. Add line 9 and line 10, less line 12 13

Part II Depreciation and Election of Additional First Year Depreciation Deduction Under R&TC Section 24356

(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Depreciation allowed or allowable in earlier years	(e) Depreciation method	(f) Life or rate	(g) Depreciation for this year	(h) Additional first year depreciation
14 See stmt #2	04/12/2021	742000	292402	200 DB 10		83933	
COLLABORATIVE R	08/01/2022	186000	78864	200 DB 10		21427	
ELECTRONICS ASS	02/15/2023	142000	39760	200 DB 10		20448	
METROLOGY AND I	09/05/2023	64000	17920	200 DB 10		9216	
LEASEHOLD IMPRO	01/04/2021	72000	22137	200 DB 20		4986	
15 Add the amounts in column (g) and column (h). The total of column (h) may not exceed \$2,000. See instructions for line 14, column (h)						83933	0

Part III Summary

16 Total: If the corporation is electing:
IRC Section 179 expense, add the amount on line 12 and line 15, column (g) or
Additional first year depreciation under R&TC Section 24356, add the amounts on line 15, columns (g) and (h) or
Depreciation (if no election is made), enter the amount from line 15, column (g) 16 83933

17 Total depreciation claimed for federal purposes from federal Form 4562, line 22 17 92397

18 Depreciation adjustment. If line 17 is greater than line 16, enter the difference here and on Form 100 or Form 100W, Side 1, line 6.
If line 17 is less than line 16, enter the difference here and on Form 100 or Form 100W, Side 2, line 12. (If California depreciation amounts are used to determine net income before state adjustments on Form 100 or Form 100W, no adjustment is necessary.) 18 8464

Part IV Amortization

(a) Description of property	(b) Date acquired (mm/dd/yyyy)	(c) Cost or other basis	(d) Amortization allowed or allowable in earlier years	(e) R&TC Section (see instructions)	(f) Period or percentage	(g) Amortization for this year
19						
20 Total. Add the amounts in column (g)						
21 Total amortization claimed for federal purposes from federal Form 4562, line 44						

California FTB 3885 for 2025 in Instead. Line 1 \$25,000 and line 3 \$200,000; California depreciation of \$83,933 on line 16 against \$92,397 federal on line 17; the \$8,464 adjustment on line 18.

State conformity at a glance

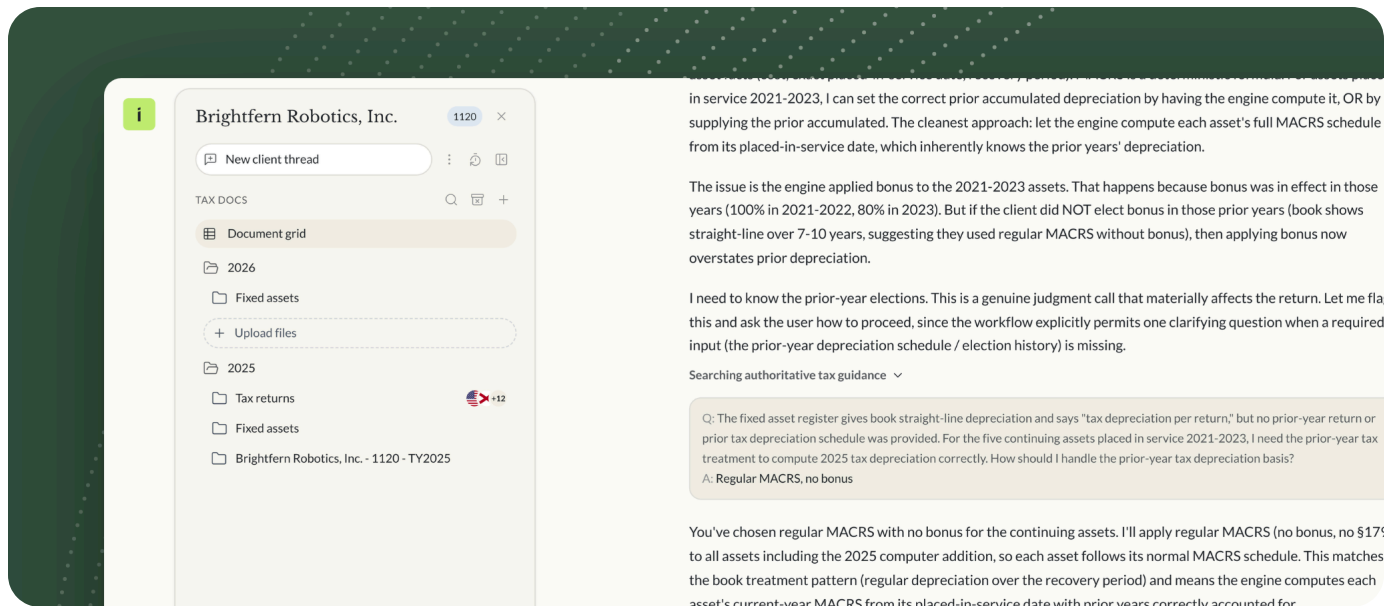
States split three ways on 2025 bonus: follow federal, add it back and recover it later, or never allow it. Section 179 is maximum / phase-out.
Sources: each state's guidance as of October 2026.

State	Bonus depreciation	Section 179	Note
California	Not allowed	\$25,000 / \$200,000	Corporations: California methods, not MACRS
New York	Not allowed, with resurgence and Liberty Zone exceptions	See Form IT-398	IT-398 / CT-399
New Jersey	Not allowed	\$25,000	Personal: no income limit or carryforward
Illinois	Added back on IL-4562, subtracted in later years	See IL-4562 instructions	
Florida	Corporate: added back, 1/7 a year over 7 years	See TIP 26C01-01	Florida corporate income tax
Massachusetts	Not allowed	\$1,250,000 / \$3,130,000	OBBBA increases not adopted
Georgia	Not allowed	\$2,500,000 / \$4,000,000	Georgia Form 4562
North Carolina	85% added back, deducted 20% a year over 5 years	See NCDOR guidance	IRC as of January 1, 2023
Michigan	Corporate: not allowed. Others: 40%	\$1,250,000 / \$3,130,000	IRC as of December 31, 2024

The workflow, from register to return

Instead runs fixed assets as one workflow, from the prior-year file to the federal and state forms.

- 01 **Upload the prior year.** An export from CCH Axcess Tax, UltraTax CS or Lacerte Tax, a raw file, or the client's own register.
- 02 **The agent replicates prior-year depreciation.** When the tax basis is missing, it asks before it calculates.
- 03 **Add this year's additions and disposals.**
- 04 **Current-year depreciation,** calculated asset by asset.
- 05 **Straight into Form 4562,** federal and state.
- 06 **Federal and state differences handled,** such as California's Section 179 limits and no bonus.



The screenshot displays the software interface for Brightfern Robotics, Inc. The left sidebar shows a 'TAX DOCS' section with a 'Document grid' containing folders for '2026' and '2025'. The '2025' folder is expanded, showing 'Tax returns' (with a US flag icon and '+12'), 'Fixed assets', and 'Brightfern Robotics, Inc. - 1120 - TY2025'. The main content area on the right contains a Q&A section. The question asks how to handle prior-year tax depreciation basis for assets placed in service 2021-2023, given that the fixed asset register shows book straight-line depreciation but no prior-year return or schedule was provided. The answer is 'Regular MACRS, no bonus'. Below this, a note states that regular MACRS with no bonus will be applied to all assets, including the 2025 computer addition, following their normal MACRS schedule.

Q: The fixed asset register gives book straight-line depreciation and says "tax depreciation per return," but no prior-year return or prior tax depreciation schedule was provided. For the five continuing assets placed in service 2021-2023, I need the prior-year tax treatment to compute 2025 tax depreciation correctly. How should I handle the prior-year tax depreciation basis?

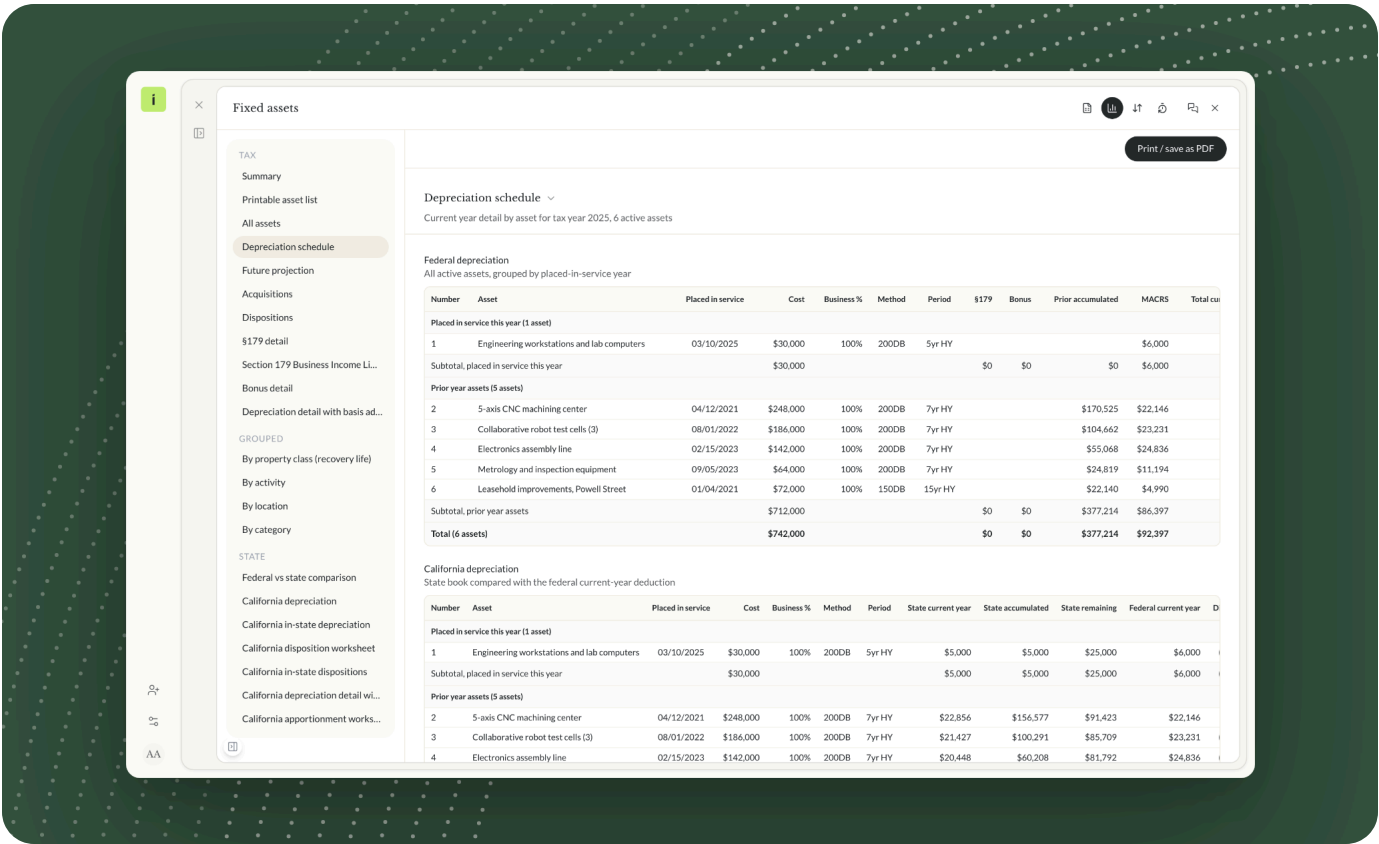
A: Regular MACRS, no bonus

You've chosen regular MACRS with no bonus for the continuing assets. I'll apply regular MACRS (no bonus, no §179) to all assets including the 2025 computer addition, so each asset follows its normal MACRS schedule. This matches the book treatment pattern (regular depreciation over the recovery period) and means the engine computes each asset's current-year MACRS from its placed-in-service date with prior years correctly accounted for.

The agent asks before it calculates. Brightfern's register shows book depreciation only, so the agent asked how the prior-year tax basis was handled. The preparer answered "Regular MACRS, no bonus", an election out of bonus for each class.

One set of assets, every schedule

The depreciation schedule carries prior accumulated depreciation forward and calculates 2025 MACRS for every asset. Form 4562 is built from the same records, so the form, the schedule and the return agree by construction.



The federal depreciation schedule in Instead. \$377,214 of prior accumulated depreciation and \$92,397 of 2025 MACRS across six assets.

How firms cut review time

Review time drops when reviewers check tie-outs and judgment calls instead of retyped numbers.

Five tie-outs that catch most errors

-
- 01 **Prior accumulated depreciation** on the schedule equals last year's ending balance.

 - 02 **Form 4562 line 22** equals depreciation on the return.

 - 03 **Acquisition dates** support the bonus rate used on each 2025 addition.

 - 04 **The mid-quarter test** is documented, whichever convention applies.

 - 05 **Each state adjustment** equals federal less state depreciation and carries to the state return.

Settle elections once, in writing

Most rework starts with an election nobody wrote down. Record the bonus and Section 179 history with the client file, and keep the question and answer where the next preparer will find it.

Build every book from one asset record

Separate federal and state spreadsheets drift. One record per asset, with the federal and each state treatment calculated from it, turns reconciliation into a check.

Review exceptions, not every line

When the schedule ties and the elections are documented, the reviewer's time goes to the few items that need judgment: a disposal, a missing basis, a short year, a new state.

Sources

IRS, Instructions for Form 4562 (2025) irs.gov/instructions/i4562

IRS, Publication 946, How To Depreciate Property (2025)
irs.gov/publications/p946

IRS, Notice 2026-11, additional first year depreciation irs.gov/pub/irs-drop/n-26-11.pdf

IRS, Rev. Proc. 2025-32, IRB 2025-45 irs.gov/irb/2025-45_IRB

California FTB, 2025 Instructions for Form 3885
ftb.ca.gov/forms/2025/2025-3885-instructions.html

New York, Notice N-26-1 and Form IT-398 (2025) tax.ny.gov

New Jersey, CBT-100 instructions (2025) and GIT-DEP
nj.gov/treasury/taxation

Illinois, IL-4562 instructions tax.illinois.gov

Florida, TIP 26C01-01 floridarevenue.com

Massachusetts, 2025 Form 355S instructions mass.gov

Georgia, 2025 Form 4562 instructions dor.georgia.gov

North Carolina, bonus depreciation adjustment ncdor.gov

Michigan Treasury, decoupling notice, February 25, 2026
michigan.gov/treasury

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