



ABC Calculator for Depreciation with Short First Tax Year and Mid-Quarter Convention

For [Depreciation with Short First Tax Year and Mid-Quarter Convention](#), ABC has a macro (DEPRPROOF/SFTY_GUICALCULATOR) to determine the deemed in-service date. This is necessary to calculate the depreciation factor to prorate the first year's depreciation. The depreciation factor is the number of half-months from the deemed in-service date to the end of the year divided by 24.

DEPRPROOF/SFTY_GUICALCULATOR

This is an interactive report that takes both the short first tax year start date and the asset's in-service date as inputs to determine the deemed in-service date.

Quarter 1			**** Quarter 2 ****			Quarter 3			Quarter 4		
Start	Mid	End	Start	Mid	End	Start	Mid	End	Start	Mid	End
8/ 1/2021	8/19/2021	9/ 8/2021	9/ 9/2021	9/27/2021	10/15/2021	10/16/2021	11/ 4/2021	11/23/2021	11/24/2021	12/12/2021	12/30/2021
Deemed In-Service:	8/16/2021		Deemed In-Service:	9/16/2021		Deemed In-Service:	11/ 1/2021		Deemed In-Service:	12/ 1/2021	

For the above example, the short first tax year start date is 8/1/2021 and the asset's in-service date is 10/1/2021. The deemed in-service date is calculated as follows¹:

1. Shown in the lower half of the dialog, the start and end dates of each quarter are found by dividing the short first tax year into fourths using Actual/365 convention.
2. Initially, the deemed in-service date is set to the midpoint of Quarter 2 (9/27/2021), the quarter in which the asset's in-service date falls.
3. Since this date (9/27/2021) is not the first day or midpoint of the month, the deemed in-service date is adjusted to the nearest preceding midpoint of that month (9/16/2021).
4. The number of half-months from the deemed in-service date until the end of the tax year is 7. The proration factor for the first year is 7/24.

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¹ IRS Publication 946 <https://www.irs.gov/publications/p946#idm140602893255360>