

CNC Example 3 (MACRS Depreciation)



In 2004, Acme Products, Inc. purchased a CNC horizontal boring mill for \$130,000. They spent \$10,000 more to install it and calibrate it. In 2005 it was put into service. Acme assigned a 10-year service life to the mill and estimated a \$7000 salvage value. Calculate the depreciation amount they can claim for 2007 and the book value at the end of 2007 using MACRS depreciation with a 10-year recovery period.