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# Is IT an Asset?

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**Is IT an Asset?**

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**Abstract:**

Current accounting standards allow managers to decide whether the cost of information technology (IT) is classified as an asset or an expense based on their company's materiality threshold. There is also some inconsistency in the accounting treatment for created IT artifacts such as databases and websites. Since IT spending each year is in billions of dollars, this could affect a firm's net income due to its accounting treatment. This paper suggests that all IT costs should be expensed when incurred. The value of IT is not in its resale value but in the efficiencies it provides.