

Lesson 18: Depreciation and Taxes

Read: Pages 292-303

Problems: 7-9, 7-17, 7-18 (Problem Set 9)

Objectives (Cadets will be able to):

1. Decide what cost components are depreciable.
2. Calculate depreciation under various schedules.
3. Incorporate depreciation into tax calculations.
4. Calculate present worth and future value for cash flows including depreciation and taxes.

Definitions:

Straight-line depreciation, modified accelerated cost recovery system (MACRS), sum-of-the-digits depreciation.

Cadet Notes: