Does CAPEX include intangible assets?

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CAPEX is defined here as funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

The video states that "the value of the capital expenditure is added to the company's asssets. The value is reduced every year through through depreciation and amortization"

But amortization typically applies to intangible assets. So there seems to be a contradiction here. Is CAPEX limited to tangible assets or does it also cover intangible assets?

If it's relevant, I'm most interested in public US companies.

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edited May 31 '15 at 15:03

asked May 31 '15 at 14:53
SFun28
193 1 2 8

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I believe the Investopedia article is incomplete. As you can see in other articles like this: https://knoji.com/capital-expenditure/ CAPEX applies to Long Term Assets in general, not just tangible ones. Therefore, CAPEX is both amortized and depreciated, depending on whether it is tangible or intangible.

To quote, "Expenses incurred to acquire intangible assets such as goodwill, patents, etc. are also capital expenditure."

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answered May 31 '15 at 15:18
brian.schiller.uml
26 1

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