

2025 Depreciation and Amortization

3885F

Attach to Form 541, Form 109, or Form 199.

Name as shown on tax return	FEIN
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Tangible and intangible assets placed in service during the 2025 taxable year:			Depreciation			Amortization		
(a) Description of property	(b) Date placed in service (mm/dd/yyyy)	(c) Cost or other basis	(d) Method of figuring depreciation	(e) Life or rate	(f) Depreciation for this year	(g) Code section	(h) Period or percentage	(i) Amortization for this year
1								
Add line 1 column (f) and column (i) amounts. See instructions 1								

Depreciation

- 2** California depreciation for assets placed in service beginning before the 2025 taxable year. **2** _____
Be sure to make adjustments for any basis differences.
- 3** Total California depreciation. Add line 1(f) and line 2 **3** _____

Amortization

- 4** California amortization for intangibles placed in service beginning before the 2025 taxable year. **4** _____
Be sure to make adjustments for any basis differences.
- 5** Total California amortization. Add line 1(i) and line 4 **5** _____
- 6** Total depreciation and amortization. Add line 3 and line 5. See instructions. **6** _____

General Information

In general, for taxable years beginning on or after January 1, 2025, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2025. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

Intangible Drilling and Development

Costs – California law does not allow the IRC Section 263(c) deduction for intangible drilling and development costs in the case of oil and gas wells paid or incurred on or after January 1, 2024. For more information, see R&TC Section 17260 and get Schedule P (541), Alternative Minimum Tax and Credit Limitations — Fiduciaries.

Percentage Depletion – For taxable years beginning on or after January 1, 2024, California law does not allow the calculation of depletion as a percentage of gross income from the property for specified natural resources, including coal, oil shale, oil and gas wells. R&TC Sections 17681.3 and 17681.6 allowing state nonconformity to federal rules for percentage depletion of certain refiner exclusions as well as the temporary suspension of taxable income limit for marginal production have also been repealed. For more information, see R&TC Section 17681, and get Schedule P (541).

A Purpose

Use form FTB 3885F, Depreciation and Amortization, to compute depreciation and amortization allowed as a deduction on Form 541, California Fiduciary Income Tax Return; Form 109, California Exempt Organization Business Income Tax Return; or Form 199, California Exempt Organization Annual Information Return. Attach form FTB 3885F to Form 541, Form 109, or Form 199.

Depreciation is the annual deduction allowed to recover the cost or other basis of business or income producing property with a determinable useful life of more than one year. Land is not depreciable.

Amortization is an amount deducted to recover the cost of certain capital expenses over a fixed period.

B Federal/State Differences

California law has not always conformed to federal law regarding depreciation methods, special credits, or accelerated write-offs.

Consequently, the recovery periods and the basis on which the depreciation is calculated may be different from the amounts used for federal purposes. Reportable differences may occur if all or part of your assets were placed in service:

- **Before January 1, 1987.** California disallowed depreciation under the federal Accelerated Cost Recovery System (ACRS). California depreciation is calculated in the same manner as in prior years for those assets.
- **On or after January 1, 1987.** California provides special credits and accelerated write-offs that affect the California basis for qualifying assets. California does not conform to all the changes to federal law enacted in 1993. Therefore, the California basis or recovery periods may be different for some assets.
- **On or after September 11, 2001.** California has not conformed to the federal Job Creation and Worker Assistance Act of 2002 which allows taxpayers to take an additional first year depreciation deduction and Alternative Minimum Tax depreciation adjustment for property placed in service after September 10, 2001.

Additional differences may occur for the following:

- **IRC Sections 174 and 174A.** California does not conform to federal modifications for research or experimental expenditures that are required to be capitalized and amortized ratably over a five-year period.
- **IRC Section 168(n).** California does not confirm to 100% depreciation election for qualified production property.
- **Luxury automobile depreciation.** Sport utility vehicles and minivans built on a truck chassis are included in the definition of trucks and vans when applying the 6,000 pound gross weight limit. However, California does not conform to the federal modifications to depreciation limitations on luxury automobiles (IRC Section 280F).

Depreciation limitations placed in service in the calendar year 2025:

For passenger automobiles (that are not trucks or vans):

Tax year	Amount
1st Tax Year	\$3,860
2nd Tax Year	\$6,100
3rd Tax Year	\$3,650
Each Succeeding Year	\$2,175

For trucks and vans:

Tax year	Amount
1st Tax Year	\$4,360
2nd Tax Year	\$6,900
3rd Tax Year	\$4,150
Each Succeeding Year	\$2,475

For lease inclusion indexing amounts, go to ftb.ca.gov/forms/search and enter **lease inclusion**.

- **Amortization of Certain Intangibles.** California conforms to IRC Section 197 relating to the amortization of intangibles as of January 1, 1994. There is no separate California election required or allowed. However, for IRC Section 197 property acquired before January 1, 1994, the California adjusted basis as of January 1, 1994, must be amortized over the remaining federal amortization period.
- **Special and Bonus Depreciation.** California does not conform to the federal special or bonus depreciation for qualified property acquired and placed in service.
- **Election to Expense Certain Tangible Property (IRC 179).** This election does not apply to estates and trusts.

Differences may also occur for other less common reasons. This list is not intended to be all-inclusive of the federal and state differences. For more information about adjustments, get FTB Pub. 1001, or refer to the R&TC.

Specific Line Instructions

Line 1 – Complete columns (a) through (i) for each asset or group of assets placed in service during the 2025 taxable year. Enter the column (f) totals on line 1(f). Enter the column (i) totals on line 1(i).

Attach a schedule if you need additional space.

Line 2 – Enter total California depreciation for assets placed in service beginning before the 2025 taxable year, taking into account differences in asset basis or differences in California and federal tax law.

Line 4 – Enter total California amortization for intangibles placed in service beginning before the 2025 taxable year, taking into account any differences in asset basis or differences in California and federal tax law.

Line 6 – Add line 3 and line 5. Enter the total here and attach to Form 541.

If engaged in trade or business: Using California amounts, complete and attach federal Schedule C (Form 1040), Profit or Loss from Business; federal Schedule E (Form 1040), Supplemental Income and Loss; and/or federal Schedule F (Form 1040), Profit or Loss From Farming. Follow federal instructions for “Depreciation, Depletion, and Amortization” regarding dividing the deductions between the fiduciary and the beneficiaries.

Form 109 filers: Enter the total on Form 109, Part II, line 21a.

Form 199 filers: Enter the total on Form 199, Part II, line 16.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection – Aviso de Privacidad del Franchise Tax Board sobre la Recaudación. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.