

# 2025 Depreciation and Amortization

## 3885P

Name as shown on return

FEIN

California Secretary of State (SOS) file number

Tangible and intangible assets placed in service during the 2025 taxable year:			Depreciation of assets			Amortization of property		
(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
<b>1</b>								
<b>1</b> Enter line 1, column (f) and column (i) totals					<b>1</b>			

### Depreciation

Be sure to make adjustments for any basis differences when calculating depreciation.

- 2** California depreciation for assets placed in service beginning before the 2025 taxable year **2**
- 3** Total California depreciation. Add line 1(f) totals and line 2. **3**

### Amortization

Be sure to make adjustments for any basis differences when calculating amortization.

- 4** California amortization for intangibles placed in service beginning before the 2025 taxable year **4**
- 5** Total California amortization. Add line 1(i) totals and line 4. **5**
- 6** Total depreciation and amortization. Add line 3 and line 5. Enter the total here and on Form 565, Side 2, line 17a, if from a trade or business, or on federal Form 8825, line 14, if from rental real estate activities **6**
- 7** IRC Section 179 expense deduction from line 12 of the worksheet in the instructions **7**
- 8** Carryover of disallowed deduction to 2026 from line 13 of the worksheet in the instructions. **8**

## 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](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for Schedule CA (540), California Adjustments – Residents, or Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, and the Business Entity tax booklets.

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 (R&TC Section 24423 has been repealed).

**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,

17681.6, 24831.3, and 24831.6 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 Sections 17681 and 24831.

### A Purpose

Use form FTB 3885P, Depreciation and Amortization, to compute depreciation and amortization allowed as a deduction on Form 565, Partnership Return of Income. Attach form FTB 3885P to Form 565.

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 Calculation Differences

California law has not always conformed to federal law with regard to 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). Continue to calculate California depreciation 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.

California law **does not** conform to the federal law for:

- IRC Section 168(k) relating to the depreciation deduction for certain assets.
- The enhanced IRC Section 179 expensing election.
- The expanded definition of IRC Section 179 property for certain depreciable tangible personal property related to furnishing lodging and for qualified real property for improvements to nonresidential real property.
- Federal modifications to amortization of research and experimental expenditures (IRC Sections 174 and 174A).
- 100% depreciation election for qualified production property (IRC Section 168(n))

Additional differences may occur for the following:

- **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](https://ftb.ca.gov/forms/search) and enter **lease inclusion**.

- **Amortization of Certain Intangibles** (IRC Section 197): Property classified as Section 197 property under federal law is also Section 197 property for California purposes. There is no separate California election required or allowed. However, for 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.
- **Grapevines Subject to Phylloxera or Pierce's Disease:** For California purposes, replacement grapevines may be depreciated using a recovery period of five years instead of ten years.

This list is not intended to be all-inclusive of the federal and state differences. For additional information, refer to California's R&TC.

## Specific Line Instructions

### Line 1 – California depreciation for assets and amortization for intangibles placed in service during the 2025 taxable year.

Complete column (a) through column (i) for each asset or group of assets or property 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).

### Line 2 – California depreciation for assets placed in service beginning before the 2025 taxable year.

Enter total California depreciation for assets 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 4 – California amortization for intangibles placed in service beginning before the 2025 taxable year.

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.

## Assets with a Federal Basis Different from California Basis

Some assets placed in service on or after January 1, 1987, will have a different adjusted basis for California purposes due to the credits claimed or accelerated write-offs of the assets. Review the list of depreciation and amortization items in the instructions for Schedule CA (540) and Schedule CA (540NR). If the partnership has any other adjustments to make, get FTB Pub. 1001, for more information.

### Line 6 – Total Depreciation and Amortization

Add line 3 and line 5. Enter the total on line 6 and on Form 565, Side 2, line 17a.

If depreciation or amortization is from more than one trade or business activity, or from more than one rental real estate activity, the partnership should separately compute depreciation for each activity. Use the depreciation computed on this form to identify the net income for each activity. Report the net income from each activity on an attachment to Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc., for purposes of passive activity reporting requirements. **Use California amounts** to determine the depreciation amount to enter on line 14 of federal Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation.

### Line 7

Enter the IRC Section 179 expense deduction amount from line 12 of the following worksheet.

These limitations apply to the partnership and each partner.

Election to Expense Certain Tangible Property (IRC Section 179) Worksheet		
Follow the instructions on federal Form 4562, Depreciation and Amortization, for listed property.		
1	Maximum dollar limitation . . . . .	1 \$ 25,000
2	Total cost of IRC Section 179 property placed in service during the taxable year. . . . .	2 _____
3	Threshold cost of IRC Section 179 property placed in service during the taxable year. . . . .	3 \$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4 _____
5	Dollar limitation for taxable year. Subtract line 4 from line 1. If zero or less, enter -0- . . . . .	5 _____
(a) Description of property	(b) Cost	(c) Elected cost
<b>6</b>		
<b>7</b>	Listed property. Use federal Form 4562, Part V, line 29. Make adjustments for California law and basis differences . . . . .	<b>7</b> _____
<b>8</b>	Total elected cost of IRC Section 179 property. Add amounts in column (c), line 6 and line 7. . . . .	<b>8</b> _____
<b>9</b>	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	<b>9</b> _____
<b>10</b>	Carryover of disallowed deduction from 2024. See instructions for line 10 through line 12 on federal Form 4562 . . . . .	<b>10</b> _____
<b>11</b>	Income limitation. Enter the smaller of line 5 or the aggregate of the partnership's items of income and expense described in IRC Section 702(a) from any business actively conducted by the partnership, other than credits, tax-exempt IRC Section 179 expense deduction, and guaranteed payments under IRC Section 707(c) . . . . .	<b>11</b> _____
<b>12</b>	IRC Section 179 expense deduction. Add line 9 and line 10, but do not enter more than line 11. Enter on Schedule K (565), line 12 and on form FTB 3885P, line 7 . . . . .	<b>12</b> _____
<b>13</b>	Carryover of disallowed deduction to 2026. Add line 9 and line 10 and subtract line 12. Enter here and on form FTB 3885P, line 8. . . . .	<b>13</b> _____