

A. Comprehensive standards for property classification

The purpose of property classification is to delineate a rational method for distinguishing and classifying property and supplies for better management and inventory by the various agencies and funds of the central government. To address special needs, enterprise funds may adopt a unique asset classification numbering system and useful life estimates, which shall be submitted to the competent authority for approval and to the auditing authority for reference. For the purpose of compiling a comprehensive asset catalogue, the asset classification system of nonprofit organizations' enterprise funds shall be consistent with that stipulated herein. Local governments at all levels may follow the classification standards herein or formulate their own asset classification numbering system and useful life estimates based on the standards herein.

1. Definition of 'property':

The term 'property' herein shall include both assets and supplies, which are defined below respectively:

- 1) Assets: Usable land and land improvements; buildings and equipment; machinery and equipment over NT\$10,000 in value and with a useful life of at least 2 years; transportation and logistics equipment; and miscellaneous items and equipment (the classification of books owned by libraries shall be handled in accordance with the applicable regulations.)
- 2) Supplies: Other equipment and items other than those described in the preceding subparagraph, including non-consumables and consumables

2. Property numbering

Assets and supplies shall be numbered separately in accordance with the following provisions:

- 1) Assets shall be subdivided into six categories: land, land improvements, buildings and equipment, machinery and equipment, transportation and logistics equipment, and miscellaneous equipment. Due to their limited nature, a piece of land and its land improvements shall be given the same number for the sake of simplicity. Numbering in each of the asset categories shall be processed in a 1st-4th level classification/ 5th level numbering system. The four levels of classification are category, subcategory, item, and sub-item. The fifth level in the numbering system is the serial number of the asset.
- 2) Supplies shall be further classified into two categories: non-consumables and consumables. Numbering for supplies shall be processed at three levels—category, subcategory, and item. Due to the large number of supplies, no serial number is required, and each unit shall handle the registration and management of such supplies in accordance with the classification of assets.
- 3) Each agency and state-owned enterprise may leave the numbers for certain categories vacant if it does not actually own such property. However, the agency or enterprise shall expand its property categories in accordance with administrative procedures when new categories of property are procured so as to keep the numbering consistent. Each unit may affix a specification number to the property number of a

given individual asset should the need for more precise classification arise.

- 4) Agencies and state-owned enterprises with an existing property classification numbering system which are unable to convert to the system described herein in a timely manner shall formulate a conversion table for reference.

3. Units of measure

The units of measure shall be the basis for quantifying property and, for assets, calculating depreciation. A unit of property shall be defined in one of the following methods:

- 1) General property dedicated to a specific purpose: To be divided into units based on machine operation or usage scenarios
- 2) General property with no specific use: Regarded as a complete unit that can be used separately

4. Primary materials

Primary materials are the main constituent materials that make up the property. Except for land, the primary materials for all other property categories shall be indicated in order to determine their useful life.

5. Useful life

Useful life is an indicator of the usage efficacy of the asset as well as the basis for calculating depreciation. There is no predetermined useful life for supplies, which may be disposed of and replaced based on the degree of wear and tear.

- 1) The useful life for each asset category shall be determined based on

the estimated minimum lifespan of the asset under normal use.

- 2) In principle, changes made to minimum useful life estimates shall apply to all assets (including existing assets) of the agency. In the event that certain items are deemed irreparable, they shall be disposed of in accordance with the applicable procedures. Notwithstanding the foregoing, an asset may be disposed of and replaced in accordance with the original useful life and budget plan based on the agency's needs if the asset replacement plan is expressly stated in the agency's budget, which has been reviewed and passed by a council of elected representatives prior to the changes made to its useful life estimate.
- 3) Units shall defer disposal of an asset that remains usable beyond its estimated useful life. Depending on the actual conditions, an asset that is within the minimum useful life but is damaged beyond repair may be disposed of in accordance with the applicable procedures.
- 4) Each agency shall recognize asset depreciation in accordance with the Executive Yuan's Fixed Asset Durability Table where matters of income taxes are involved.
- 5) For assets where 100% efficacy must be maintained (such as the steel rails of a railroad), all associated maintenance fees shall be recognized as revenue expenditures, and no depreciation costs shall be recognized regardless of whether a minimum useful life is set.

6. Method of classification

- 1) Assets
 - I. Land and land improvements

- i) Land: A ‘building lot’ for a house or another type of building is the land such a building is built upon. The land surrounding a building lot shall be classified based on its use (such as courtyard land, idle land, etc.). A piece of land may be classified based on its main purpose if it cannot be individually measured.
- ii) The classification of building lots shall be based on the premise that each building may only be used for one purpose. Multi-purpose building(s) on a building lot shall be classified based on their main purpose.
- iii) It is not necessary to itemize lots for structures with a smaller footprint, such as guardhouses, gazebos, and air-raid shelters, as it would require considerable time and resources to do so.
- iv) Land improvements: Land improvements are limited-life fixtures installed on the land to make it usable, such as bridges, fences, and other assets (not including houses and buildings).

II. Buildings and equipment:

- i) The classification of houses shall be based on the premise that each house may only be used for one purpose. A house with multiple purposes may be classified based on its main purpose.
- ii) To maintain a comprehensive list of buildings and equipment for each professional field, buildings pertaining to a specific professional field shall be classified as such. For example, a railway platform shall be classified as “transportation and

logistics installation.” All other types of buildings shall be considered general purpose buildings.

III. Machinery and equipment

- i) Due to the wide variety of machinery and equipment, they shall be classified based on the professional field in which they are used. For certain machinery and equipment that are used in multiple industries, detailed itemization is required to specify their use in each of the related industries; such machinery and equipment includes “motorized machinery and equipment,” “machine tools and machining equipment,” “cranes and transportation machinery and equipment,” “tools,” and “testing and control instruments and equipment.”
- ii) To maintain a comprehensive list of machinery and equipment for each professional field, certain machines and pieces of equipment, such as crushers and stirrers, shall be given multiple classification numbers to address their multiple uses.
- iii) Machinery and equipment under this category shall primarily be classified based on the professional field in which they are used, except where they may be applied in another field. For example, “electrical machinery and equipment” and “tap water machinery and equipment” are both professional machinery and equipment, but transportation and logistics machinery and equipment, though primarily used in the transportation industry, may also be used by other units that own

transportation equipment. Therefore, professional categories may also apply to non-professional organizations.

- iv) Machinery and equipment for vehicle and vessel manufacturing and maintenance are similar to general purpose machines and are therefore classified as “machine tools and machining equipment” without being assigned their own professional category. By the same token, drydocks and berths where vessels are built and repaired shall be classified as “other buildings and equipment” under the “buildings and equipment” category for simplicity.
- v) Fishing boats are used for fishing and not transportation and logistics, and as such, shall not be classified as “transportation and logistics equipment.” Such vessels shall instead be classified under this category, in the same vein as machinery and equipment used in agriculture and forestry.

IV. Transportation and logistics equipment:

- i) To maintain a comprehensive list of transportation and logistics equipment, “telecommunications machinery and equipment” and “meteorological equipment” shall be listed under this category.
- ii) Machinery and equipment not dedicated to transportation and logistics—such as the equipment for making and repairing vehicles, vessels, and aircraft—shall be listed under the “machinery and equipment” category.

V. Miscellaneous equipment:

- i) Books, artifacts, and animals shall be classified to the sub-item level only. Due to their large quantities, classification of individual asset items under the sub-item level is not required, but each unit may still maintain a registry for management purposes where necessary.
- ii) Weighing instruments listed under this category are for general use only. Those used in precision experiments shall be classified as “testing and control instruments and equipment” under the “machinery and equipment” category.

2) Supplies

Non-consumables and consumables: Due to their large quantities and relative unimportance, item names may be omitted. Each unit shall maintain its own registry for management purposes based on the classification of assets.

Chinese Version

(The Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan)

<https://ws.dgbas.gov.tw/public/attachment/958102813zx60xrze.pdf>