

Creating New Depreciation Areas

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Creating new depreciation areas for existing assets is a three step process. Read this article and learn about these three steps. Also, see how we have enhanced the standard SAP program to include even retired assets and AuC assets in this process.

New Depreciation Areas for Existing Assets

Creating a new depreciation area for existing assets includes three steps. Begin the first step by going to the configuration transaction to **Define a New Depreciation Area** for the Chart of Depreciation as shown in Figure 1.

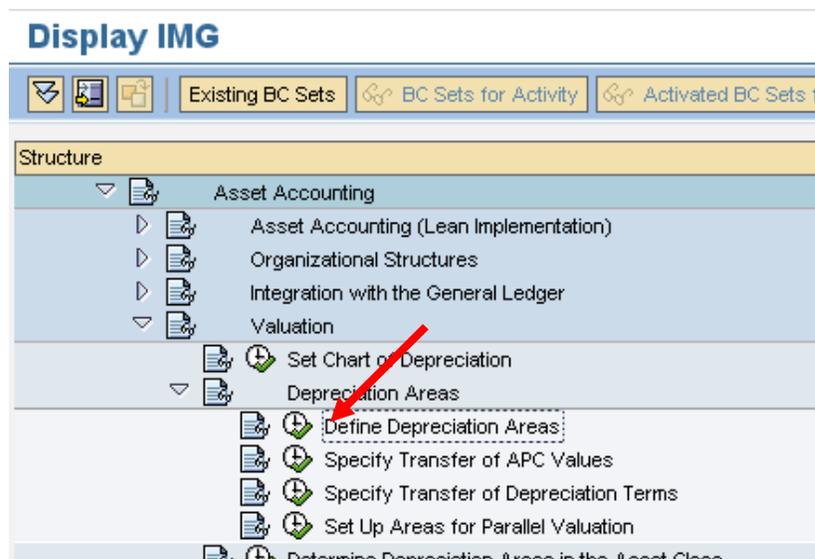


Fig.1: Define Depreciation Area

Once you are in the **Define Depreciation Area** transaction you can copy one of the existing areas to create a new area as shown in Fig. 2.

Change View "Define Depreciation Areas": Overview

Chart of dep. Sample chart of depreciation: USA

Ar.	Name of depreciation area	Real	G/L	Trgt Group
1	Book depreciation	<input checked="" type="checkbox"/>	1	
10	Federal Tax ACRSMACRS	<input checked="" type="checkbox"/>	0	
11	Alternative Minimum Tax	<input checked="" type="checkbox"/>	0	
12	Adjusted Current Earnings	<input checked="" type="checkbox"/>	0	
30	Consolidated Group area in Local currency	<input checked="" type="checkbox"/>	0	
31	Consolidated Group area in Group currency	<input checked="" type="checkbox"/>	0	
32	Book depreciation in group currency -Parallel Curr	<input checked="" type="checkbox"/>	0	
40	State modified ACRS	<input checked="" type="checkbox"/>	0	

Fig. 2: Copy existing area to create a new area

Make sure to configure the depreciation area details (such as posting options, positive/negative values, etc.) per your requirements for the new depreciation area.

Now that you have created the new depreciation area in the Chart of Depreciation you have to create the new area in all the asset classes. Fig. 3 shows the configuration option for this task (transaction code **OAYZ**).

Display IMG

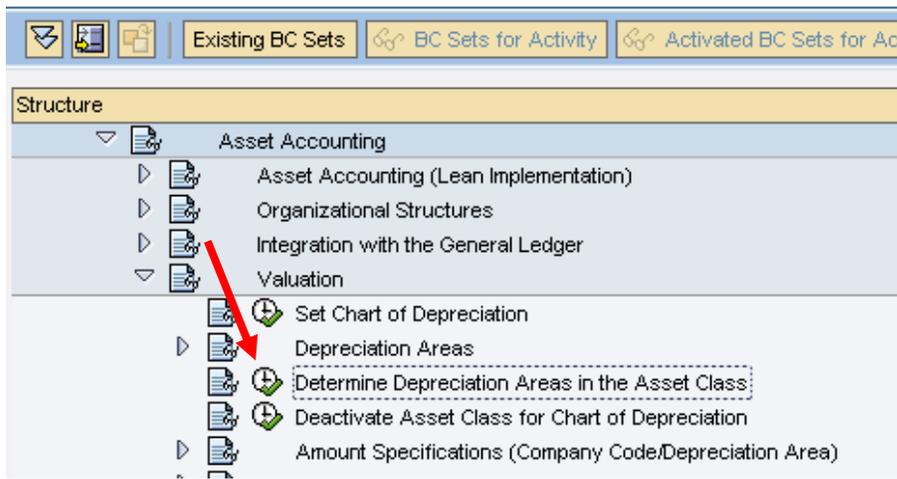


Fig. 3: Create new area in asset class

Select all asset classes where you want to use the new depreciation area. Any new area will appear as deactivated by default as shown in Fig. 4.

Change View "Depreciation areas": Overview

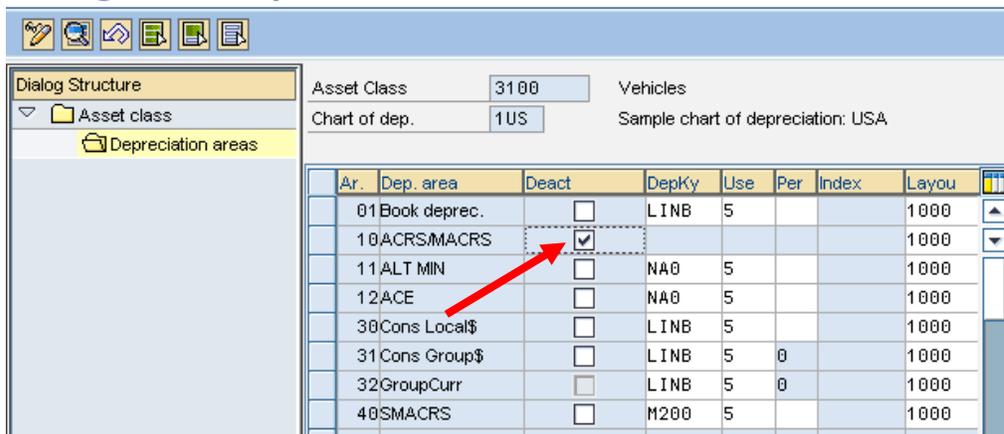


Fig. 4: Activate new depreciation area

Make sure to activate the new area and specify the depreciation parameters, such as the default depreciation key, useful life and the screen layout.

Once you have activated the new depreciation area in all asset classes all newly created assets will now have this depreciation area. Already existing assets, however, will not yet have the new area. To create the new area for these existing assets you need to perform the third step. Go to transaction **AFBN** to start the New Depreciation Area program as shown in Fig. 5.

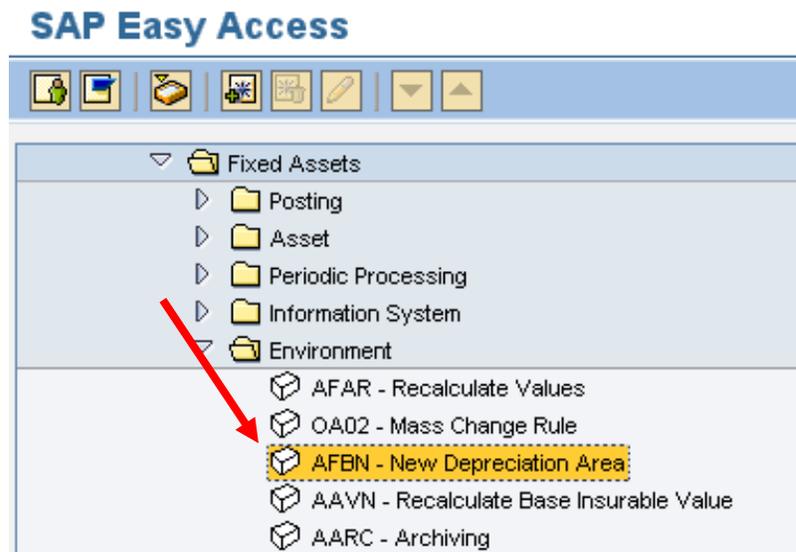


Fig. 5: Create new area for existing assets

This standard SAP program will create the new depreciation area for all existing assets. All you have to do is enter the Chart of Depreciation and the new depreciation area.

The program includes the following options:

Dep. terms from asset class

This option will create the new area using the default depreciation terms from the asset class. However, this only works for non-capitalized assets (assets without



any postings). For already capitalized assets it will simply copy the reference area (the one you used in step # 1 to copy from) including the depreciation terms.

Leave values initial

This option will create a new depreciation area but will not copy any values into the new area. This is a good option if you plan to add your own values via postings to the new area. Otherwise, the program would simply create a copy of the reference area including values.

Test Run

Running the program in test mode first is a good idea to see how many assets and company codes will be impacted by this new depreciation area.

Note

The program will add the new depreciation area to all assets in all company codes that are assigned to the Chart of Depreciation. You can not limit the standard program by company code!

Limitations

The standard SAP program to create new depreciation areas for existing assets (transaction AFBN – program RAAFABNEW) does not process retired assets or Assets under Construction (Capital Investment Measures) – see OSS note # 432302 (Appendix A).

Enhancement

While the above limitation does not cause any issues for future reporting it does create a reporting gap for prior years since retired assets or AuC would not show up on any reports for prior years in the new depreciation area.

Michael Management Corporation has enhanced the standard SAP program so that it does include retired assets and AuC. Below is a screen print of the enhanced program's selection screen. Notice the two additional selection indicators in Fig. 6.

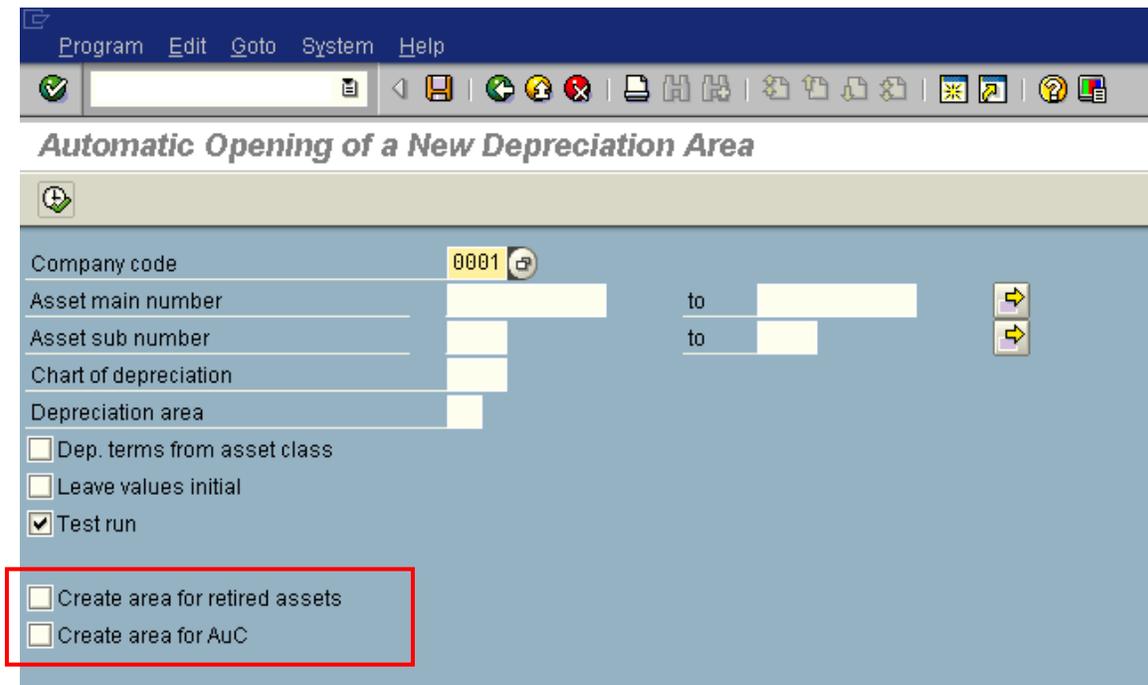


Fig. 6: Enhanced Selection Screen – additional selection indicators

When the two new options are selected, the program will create the new depreciation area for retired assets and/or for Assets under Construction (Capital Investment Measures).

Other than this enhanced functionality the program works just like the standard SAP program.



If you are interested in this enhanced program version please contact us via email: info@michaelmanagement.com

Additional Resources

We offer the following additional resources for adding new depreciation areas to existing asset systems:

How to Add & Restate Tax Depreciation Areas

- Step-by-step guide on how to add new tax depreciation areas and restate tax values

http://www.michaelmanagement.com/p_detail.asp?ProductID=23

How to recalculate Fixed Asset values for prior fiscal years

- This step-by-step guide explains how to recalculate fixed asset values for prior fiscal years.

http://www.michaelmanagement.com/p_detail.asp?ProductID=29



Appendix A – OSS Note 432302

Symptom

Program RAFABNEW for opening a new depreciation area skips deactivated assets. If a complete retirement or intra-company transfer has been carried out in the current fiscal year, it would be useful if the program can nevertheless open the new depreciation area so that the asset history sheet for IAS or USGAAP, for example, is correct and so that you can start periodic postings to asset balance sheet account for this fixed asset.

Reason and Prerequisites

This function is not supported.

Solution

Determine all affected fixed assets and cancel the last posting. In this case, RAFABNEW sets up the new area and the periodic inventory posting posts to the general ledger. Without a reversal, processing of the fixed asset with RAFABNEW is not possible. Refer to your SAP consultant if you want to enhance the program in such a way because, for example, mass write-offs are affected which must be taken into account.

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About Michael Management Corporation

MMC is a leading SAP consulting, development and training company. We have been in the SAP business since 1995 and specialize in the capital investment functionality of SAP, including Asset Management, Project System, Investment Management and Internal Orders.

About Thomas Michael

Tom has been a business technology consultant since 1993 and has worked with an impressive array of clients all over the world. As the President and CEO of Michael Management Corporation he speaks and writes widely about SAP implementation issues. Also, Tom is the author of the [Reporting Guide for Asset Accounting](#). You can find more of Tom's expert articles at his popular website at www.michaelmanagement.com.

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