## 637.503 Transfers from income to principal for depreciation.

- 1. For purposes of this section, "depreciation" means a reduction in value of a fixed asset having a useful life of more than one year due to wear, tear, decay, corrosion, or gradual obsolescence.
- 2. A trustee may transfer to principal a reasonable amount of the net cash receipts from a principal asset that is subject to depreciation, but a transfer shall not be made for depreciation under any of the following circumstances:
- a. When the depreciation involves the portion of real property used or available for use by a beneficiary as a residence, or tangible personal property held or made available for the personal use or enjoyment of a beneficiary.
  - b. When the depreciation occurs during the administration of a decedent's estate.
- c. If the trustee is accounting under section 637.403 for the business or activity in which the asset is used.
  - 3. An amount transferred to principal need not be held as a separate fund. 99 Acts, ch 124, §26

Referred to in §637.422