

UNIFORM PRINCIPAL AND INCOME ACT (EXCERPT)
Act 159 of 2004

555.903 Depreciation; amount transferred to principal.

Sec. 503. (1) As used in this section, "depreciation" means a reduction in value due to wear, tear, decay, corrosion, or gradual obsolescence of a fixed asset having a useful life of more than 1 year.

(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 may not transfer an amount for depreciation as follows:

(a) An amount for that portion of real property used or available for use by a beneficiary as a residence or an amount for tangible personal property held or made available for the personal use or enjoyment of a beneficiary.

(b) An amount during the administration of a decedent's estate.

(c) An amount under this section, if the trustee is accounting under section 403 for the business or other activity in which the asset is used.

(3) An amount transferred to principal need not be held as a separate fund.

History: 2004, Act 159, Eff. Sept. 1, 2004.