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NetSuite Construction in Progress: Capitalize and Reconcile

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Executive Summary

NetSuite construction in progress (**CIP**) is a control design problem, not a switch. An Oracle community comment states that NetSuite "does not have a process specific to a Construction in Progress" in **Fixed Assets Management (FAM)** and offers a workaround built on a dedicated asset type and an Asset Transfer (community.oracle.com). The platform therefore gives controllers building blocks, and the policy, approvals and tie-outs have to be assembled and tested by the company.

The accumulation concept itself is standard. NetSuite's fixed-asset article says assets under construction sit in an accumulation account until completion, after which an accountant moves them to the appropriate fixed-asset account (www.netsuite.co.uk). In FAM there are three documented building blocks for that move: an asset type whose Depreciation Active setting is **On Project Completion**, which starts depreciation when the project is completed (docs.oracle.com); the **Asset Proposal** process, which reviews transactions posted to fixed-asset GL accounts; and the **Asset Transfer**, which carries cost and accumulated depreciation between asset types through sale and reversal transactions (docs.oracle.com). Oracle's pages describe project completion with three different words (completed, ends, closed) and name no status or date field (docs.oracle.com), so the trigger must be proven in a sandbox.

The timing rule comes from the standards, not from NetSuite. IFRS depreciation begins when the asset is available for use (www.ifrs.org), US GAAP guidance says depreciation should not be delayed because operations have not started (viewpoint.pwc.com), and the IRS treats property as placed in service when it is ready and available for a specific use (www.irs.gov). Book and tax dates can therefore differ, and FAM keeps alternate (tax) methods unlinked from journal postings (docs.oracle.com).

The scale justifies the effort. US nonfarm employer businesses invested **$1,899.9 billion** in structures and equipment in 2022 (www.census.gov). One large manufacturer reported **$5,518 million** of CIP at its fiscal 2025 year end, up from $3,444 million (www.sec.gov). The median monthly close in APQC's benchmark takes

8.0 days (www.apqc.org), so the CIP rollforward must be built into that window. FAM reports exclude manually created assets that lack depreciation history records (docs.oracle.com), which is exactly where a hand-keyed CIP asset can fall out of the register while remaining in the general ledger. The recommended control set is an approved eligibility matrix, project tags on every bill line, one chosen cost-to-asset route, an evidence-based in-service gate, a monthly rollforward tied to the GL, and written acceptance tests with owner sign-off. This report is not accounting or tax advice; confirm the capitalization policy with a qualified accountant.

Introduction and Background

Mid-market manufacturers, distributors and operators routinely build their own assets: a new packaging line, a racking system, a dock upgrade, a leasehold build-out. Costs arrive over months through purchase orders, vendor bills, credit card charges and journals. Until the asset is ready for use, those costs sit on the balance sheet in a construction in progress account and are not depreciated. When the asset is ready, the accumulated cost must move into a depreciating asset record, and depreciation must start in the right period in every book. Two errors dominate: depreciation that starts too early or too late because nobody owns the in-service decision, and cost that never reaches the fixed-asset register because the transfer relied on a manual step.

This report addresses company-owned capital projects only. It does not cover contractor revenue recognition, and it does not cover production work in process inventory. The distinctive angle is a policy-to-NetSuite close control: it maps the purchase order and bill, the project or department tag, the CIP general ledger (GL) account, the asset proposal or controlled asset record, the asset type, the completion approval, the reclassification and the depreciation start. The central warning is that no reviewed Oracle help page documents an automatic CIP-to-asset conversion. The reader should test the actual configuration instead of assuming one.

Oracle Help Center pages and Oracle-authored community posts are treated as vendor documentation, IFRS and IRS texts as primary rule sources, and PwC Viewpoint as commentary on US GAAP because the FASB Codification was not openly accessible. Practitioner posts are labeled as opinion. Facts are as of November 2026. Houseblend, a Montréal NetSuite consultancy, implements and administers NetSuite for scale-ups and mid-market companies; the analysis below is based on public documentation and is not drawn from its client work.

Defining CIP and Separating It from Production WIP and Customer Project Costs

The word "WIP" covers three different ledgers, and mixing them is the first control failure. NetSuite's own article distinguishes work in process, meaning partially finished products in manufacturing and retail, from work in progress, meaning long-term projects such as construction (www.netsuite.com). The same article describes WIP as a temporary holding place to accumulate costs (www.netsuite.com), notes that works in progress are sometimes internal capital projects such as a manufacturer building a factory (www.netsuite.com), says WIP tied to an internal capital project is reclassified as a long-term asset (www.netsuite.com), and says that upon completion an accountant moves the asset to the appropriate fixed-asset account (www.netsuite.co.uk).

- **CIP (this report):** costs of building or acquiring a company-owned asset that will be depreciated. The destination is property, plant and equipment, and the owner is the controller or fixed-asset accountant.
- **Production WIP inventory:** partially completed goods in the manufacturing cycle. The destination is finished goods and cost of sales, and the owner is cost accounting. It is outside this report.
- **Customer project costs:** costs on contracts billed to customers, with revenue recognition. The destination is cost of revenue, and the owner is project accounting or revenue. It is also outside this report.

NetSuite does not give CIP its own account type. The balance sheet account types include Fixed Asset and Other Asset among others, so a CIP account is a custom account, and the choice of type has consequences covered below. FAM itself is described as managing assets with a remaining useful life of over a year and as able to manage non-depreciating assets. The second statement is the nearest official hint at a zero-depreciation holding pattern, but that page does not use the term construction in progress.

Policy Layer: Capitalization Policy and Eligible-Cost Evidence

What the standards require, and what they leave to policy

Under IFRS (IAS 16), the cost of an item of property, plant and equipment includes costs directly attributable to bringing the asset to the location and condition necessary for it to operate as management intends (www.ifrs.org), and the cost of testing whether the asset functions properly is an example (www.ifrs.org). For self-constructed assets the same principles apply: internal profits are eliminated (www.ifrs.org) and abnormal waste of material, labour or other resources is excluded (www.ifrs.org). Initial operating losses incurred while demand builds are not part of cost (www.ifrs.org). US GAAP guidance, as excerpted by PwC from ASC 360, says historical cost includes the costs necessarily incurred to bring an asset to the condition and location for its intended use (viewpoint.pwc.com). PwC adds that general, administrative and overhead costs are expensed as incurred (viewpoint.pwc.com), while depreciation of equipment used to build the asset is considered directly identifiable (viewpoint.pwc.com).

Tax rules overlay the book view. IRS Publication 551 says that when you construct property you must capitalize the costs (www.irs.gov), and that the uniform capitalization rules require direct costs and an allocable part of most indirect costs (www.irs.gov). For small items, the IRS de minimis safe harbor allows a deduction up to **$5,000 per invoice or item** for taxpayers with an applicable financial statement (www.irs.gov), and Notice 2015-82 raised the threshold for others from **$500 to $2,500** (www.irs.gov). The book capitalization threshold is a company policy; none of the FAM pages reviewed describe a capitalization threshold setting, and RSM reports that a threshold that differs between books needs customization or book-specific reclass journals (technologyblog.rsmus.com).

Cost eligibility and approval matrix

Table 1 below is a starting matrix for the policy document. Treatments are illustrative and must be confirmed against the company's framework (US GAAP or IFRS) and tax position by a qualified accountant.

Cost type	Typical treatment (confirm with policy)	Evidence required before posting to CIP	Approver	NetSuite tag
Equipment and installation invoices	Capitalize as directly attributable	Approved capital request, PO, receiving record, vendor bill	Project owner and controller	Project, department, CIP account on bill line
Site preparation, freight, testing	Capitalize; testing is a named example	Work order or test log tied to the project	Project owner	Same project tag
Direct internal labor	Capitalize only if directly attributable and tracked	Time records by project; no allocation of general overhead	Controller	Journal with project tag
General and administrative overhead	Expense as incurred	None; excluded	Not applicable	Operating expense account
Initial operating losses, training	Expense; not part of cost (viewpoint.pwc.com)	Operations log showing the asset was already ready	Controller	Operating expense account
Borrowing costs on a qualifying asset	Capitalize under the interest rules (www.ifrs.org)	Interest calculation with start, suspension and stop dates	Controller	Journal to CIP with project tag
Items below the book threshold	Expense under policy; tax safe harbor is separate	Policy reference and invoice amount	AP supervisor	Expense account
Vendor credits and rebates	Reduce project cost; reverse in the same project	Credit memo linked to the original bill	AP supervisor and project owner	Same project tag as the original bill

The matrix does two jobs. It tells AP which lines may be coded to the CIP account, and it defines the evidence a reviewer opens when sampling a CIP balance. The interpretive point for implementation teams is that every row needs a named approver and a NetSuite field that proves the approval. Without that mapping, the matrix remains a policy document that the system cannot enforce.

Structuring Projects, Tags and the CIP Account in NetSuite

Project and department tagging

NetSuite projects have constraints that suit capital work only with design. Projects that are not associated with a customer cannot be used on transactions (docs.oracle.com), so a capital project needs a customer record, which can be an internal one. Once a transaction posts to a project, the customer and subsidiary on the project record can no longer be changed; the choice of internal customer and subsidiary therefore has to be made before the first bill. Oracle also advises breaking long multi-year projects into smaller parts to improve performance, which maps naturally to one project per asset or phase.

A vendor bill expense line identifies a project through the customer or project reference, and a billable expense needs the bill to identify the customer or project. Tagging a capital cost this way should not accidentally create a billable cost, so the sandbox test should confirm the Billable defaults for the chosen project type; Oracle notes the Billable field is disabled when the selected project has no customer. Department, class and location should be set on every line because FAM does not process depreciation when mandatory segments are

missing on the asset and creates no history records or journals in that case (docs.oracle.com). Oracle does not document projects as a capitalized-cost ledger, so the project tag is a reporting dimension and not an accounting guarantee.

The CIP GL account: visible to FAM or not

A purchase order is a non-posting transaction, so cost reaches the ledger only through the item receipt, bill, credit card charge or journal. FAM looks for new assets in nine default transaction types that post to a fixed-asset account, including Vendor Bill, Item Receipt, Journal, Credit Card, Check and Expense Report (docs.oracle.com). The decisive setting is the asset type's **Asset Account**: when proposing new assets, the system searches for new transactions in this account (docs.oracle.com). An existing GL account is exposed to FAM through the **Show in Fixed Assets Management** field on the account record.

That gives two designs:

- **FAM-visible CIP:** the CIP account is the Asset Account of a CIP asset type. Bills posted to it are proposed and become asset records, as in Oracle's workaround.
- **GL-only CIP:** the CIP account is not exposed to FAM. Costs accumulate in the ledger by project tag, and a reclassification journal moves the total to an in-service asset account. Oracle documents journal entries as the way to adjust ledger balances, and Journal is a default FAM source transaction type. That the reclass journal is then proposed is an inference from those two pages and must be tested; no reviewed page confirms it.

From Purchase to Asset: Three Routes and the Lineage Table

Route A: CIP asset type and Asset Transfer (Oracle's workaround)

Oracle's community guidance describes creating a dedicated CIP asset type and asset account, recording expenses to that account, generating assets from proposals, and later moving the asset to the correct asset type with an Asset Transfer. Oracle labels the accounting settings in that workaround as illustrative, to be agreed with the customer's accounting team (community.oracle.com). A practitioner thread describes the same pattern with a Zero Depreciation method on the CIP type (archive.netsuiteprofessionals.com).

Transfer mechanics matter for the close. The asset type changes, and the last posted current cost and cumulative depreciation move from the old accounts to the new ones through sale and reversal transactions. The asset takes the life of the new asset type. The asset type cannot be transferred at the same time as the subsidiary (docs.oracle.com), and inline editing is not a supported way to transfer. Reports show a transfer as an acquisition with a negative value, so reviewers should expect paired lines on the register. Asset Proposal no longer captures transactions that transfer assets across asset types, which prevents the transfer from being proposed a second time.

Route B: On Project Completion

The asset type General subtab offers Depreciation Active values of True, False and On Project Completion. The last starts depreciation when the project is completed, and the **Depreciation Start Date** is populated automatically when the project ends. The project field on an asset generated from a proposal is populated from

the project on the transaction or proposal. An Oracle community post repeats that the date will be populated once the project is completed (community.oracle.com). What remains undocumented is the trigger: the same page says the date and the Acquisition History record become available only when the project is closed. Whether "closed" means the project status, an end date or a completed task schedule must be proven by closing a test project and observing the asset.

Route C: GL-only accumulation with a controlled asset record

FAM's Asset Proposal reviews transactions posted to fixed-asset GL accounts, and the user chooses which to turn into asset records (docs.oracle.com). In the GL-only design, an accountant creates the asset record at completion, either through **Asset Creation**, which creates assets without proposing them first, or manually (a parent proposal can combine several bills into one asset, and multi-quantity proposals can be split before generation). Oracle warns that assets created manually or by CSV import are not automatically posted to the fixed-asset GL accounts (docs.oracle.com), so a journal must carry the value. NetSuite advises using typically only one of Asset Proposal and Asset Creation for each period of asset creation. The proposal path has controls the manual path lacks: Asset Proposal helps prevent assets from being overlooked, and a preference can limit proposals to approved transactions.

Lineage table

Table 2 below links each control point to the NetSuite object and to a test that proves the link. It is the artifact an auditor or sign-off owner should receive.

Control point	NetSuite object	What to capture	Test in sandbox
Capital approval	Custom record or approval workflow	Request ID, budget, approver, policy class	Request ID appears on every PO line
Commitment	Purchase order (non-posting)	Project, department, expected asset type	PO creates no GL impact until receipt or bill
Cost posting	Item receipt, vendor bill, credit card, journal	CIP account on the line, project tag	GL Impact shows CIP account and segments
Accumulation	CIP account, project tag	Balance by project	Account Detail (docs.oracle.com) equals project subtotal
Asset creation	Asset proposal or asset record	Parent proposal, source transaction, project	Proposal total equals bill lines selected
Classification	FAM asset type	Asset Account, depreciation accounts, life	Asset type matches policy class
In-service gate	Completion approval record	Evidence checklist, ready-for-use date	Approval date precedes start date
Reclassification	Asset Transfer or reclass journal	Transfer date, from and to type	Register shows paired transfer lines
Depreciation start	Start date, Acquisition History (docs.oracle.com)	Start date per book	First depreciation journal in intended period

The table shows where lineage breaks first: at asset creation, where several bills become one asset, and at the transfer, where the register and the ledger move together only if the transfer is processed through FAM.

The Placed-in-Service Gate and Depreciation Start

What the standards say about the gate

Depreciation timing is a rule-based decision, and the evidence should be written down before the first project closes. IAS 16 says depreciation begins when the asset is available for use, meaning in the location and condition needed to operate as management intends (www.ifrs.org), and does not cease when the asset becomes idle (www.ifrs.org). For US GAAP, PwC states that interest capitalization should cease and depreciation should begin when the asset is substantially complete and ready for its intended use (viewpoint.pwc.com), and that the start should not be delayed simply because the entity has not started operating the asset (viewpoint.pwc.com). PwC describes readiness as the point when the asset is first capable of producing a unit (viewpoint.pwc.com). For tax, property is in service when it is ready and available for a specific use (www.irs.gov), even if it is not being used (www.irs.gov).

The ready-for-use evidence checklist:

- **Physical completion:** a sign-off from the project owner that construction or installation is complete.
- **Commissioning and testing:** test results showing the asset functions as intended; testing cost is an example of a directly attributable cost (www.ifrs.org).
- **Permits and safety release:** inspections or permits required for operation are in hand.
- **Capability evidence:** proof the asset can produce a unit or serve its intended use.
- **Final cost review:** all known invoices, accruals and credits are posted; retainage and open change orders are listed.
- **Date decision:** the ready-for-use date for each book, signed by the controller.

What FAM does at the gate

The depreciation run decides which assets to process by checking the depreciation start date, the last depreciation period and the depreciation rules (docs.oracle.com). An asset with no start date therefore has nothing to depreciate. The start date is a separate field from the purchase date, and Oracle's own example is an asset purchased but not placed into service until a few months later. FAM automatically creates an Acquisition History record when a depreciation start date is set, and creates none when Depreciation Active is False. When depreciation is zero, FAM writes a zero-value depreciation history record without a journal, which explains why a zero-depreciation CIP asset appears in history reports but not in depreciation journals.

Once depreciation has started, most asset fields become read-only unless value editing is enabled, so the gate should be right the first time.

Book-specific cost and start dates

FAM supports secondary books, and the start date logic differs by book. The book dates should be recorded in a table in the sign-off package:

- **Primary book (GAAP or IFRS):** start date equals the ready-for-use date approved at the gate; journals post to the primary GL accounts.
- **Secondary accounting book:** the acquisition value is the primary book amount multiplied by the secondary book's base currency exchange rate at the depreciation start date (docs.oracle.com), and journals are created for each book.
- **Tax method:** alternate methods are not linked to NetSuite journal postings. The tax in-service date follows the IRS test and may fall in a different period.

If a method is added to an asset that is already depreciating, FAM does not create catch-up depreciation histories (docs.oracle.com), so the secondary and tax methods should be attached before the first depreciation run. A transfer between asset types also requires the tax methods tied to accounting books on the original type to exist on the destination type. Oracle states that the custom journal feature cannot be used with multi-book accounting.

Exceptions: Partial Completion, Change Orders, Abandonment and Capitalized Interest

Partial completion

An asset completed in parts may be placed in service in stages. IAS 23 requires borrowing cost capitalization to cease part by part when each part can be used while construction continues on the others (www.ifrs.org), and PwC says interest capitalization then continues only for the parts not yet substantially complete (viewpoint.pwc.com). Component accounting is related: components with differing patterns of benefits are depreciated separately (www.iasplus.com). In NetSuite the practical route is to create separate projects or proposals for each stage (see the earlier project design guidance), place each stage through its own gate, and avoid transferring a fraction of one asset. No reviewed page documents moving part of a CIP asset's cost, so partial transfer should be a named UAT scenario.

Change orders and cost credits

A change order alters scope and cost. It should be re-approved against the matrix in Table 1, receive the same project tag, and appear in the rollforward as an addition. Credits reduce cost: applying a vendor credit to a bill deducts it from the bill's total. Credits posted after an asset exists can create negative cost lines, and FAM will not depreciate assets with negative costs unless the Allow Negative Asset Cost setting is on (docs.oracle.com). The reversal test should therefore cover a credit before the asset is generated and a credit after.

Abandoned or impaired projects

If a project is no longer probable of completion, PwC says the capitalized costs should be assessed for impairment (viewpoint.pwc.com). An asset to be abandoned is considered disposed of when it ceases to be used (viewpoint.pwc.com), and a plan to abandon early is first tested for impairment under the held-and-used model (viewpoint.pwc.com). FAM's Asset Revaluation feature lets you write down an asset, and Oracle

describes a write-down as a form of depreciation that involves a partial write-off (docs.oracle.com). A CIP balance that has not moved for a defined period should be escalated to the controller for a go, hold or abandon decision.

Capitalized interest

Borrowing costs are capitalized only for a qualifying asset, one that necessarily takes a substantial period to get ready for its intended use. Capitalization is suspended during extended periods of suspended active development, since those costs are costs of holding partially completed assets (www.ifrs.org), and ceases when substantially all activities necessary to prepare the asset are complete (www.ifrs.org). US GAAP requires the period to include activities necessary to get the asset ready (viewpoint.pwc.com); interest is not capitalized while the entity intentionally defers or suspends activities (viewpoint.pwc.com), and the amount capitalized cannot exceed interest incurred (viewpoint.pwc.com). No reviewed NetSuite help page documents a capitalized-interest calculation in FAM. The practical design is an off-system calculation with a monthly journal to the CIP account, tagged with the project, and a stop date recorded in the in-service approval. The journal then flows into the same rollforward as any other addition.

Month-End Rollforward, Aging and Register-to-GL Tie-Out

The rollforward formula

For each project, **ending CIP = opening CIP + eligible additions (including capitalized interest) - credits and reversals - placements into service**, and the sum across projects must equal the CIP GL balance. Oracle's Account Detail report lists the transactions that affect the balance of a specific account, and the period close guidance says closing a period should be a final step after a process of accounts review. *Table 3* below uses invented projects and amounts.

Project (Hypothetical Example)	Opening CIP	Additions	Credits and reversals	Placed in service	Ending CIP
P-101 Packaging line 4	$1,250,000	$398,500 (bills $380,000 plus interest $18,500)	($12,000)	($600,000)	$1,036,500
P-102 Warehouse racking	$310,000	$95,000	$0	($405,000)	$0
P-103 Dock upgrade	$72,000	$41,000	$0	$0	$113,000
Total by project	**$1,632,000**	**$534,500**	**($12,000)**	**($1,005,000)**	**$1,149,500**
GL balance, CIP account					$1,153,500
Unreconciled difference					**$4,000 (bill coded to CIP without a project tag)**

The example demonstrates that the arithmetic is simple and the discipline is in the exceptions. The $4,000 difference is an untagged bill; the fix is a project tag and not a plug journal. The placements column must equal the cost carried into the asset records that month, which is the second tie-out below.

Tie-out sequence

1. **Project to GL:** the project subtotals equal the CIP account balance on Account Detail.
2. **GL to FAM (Route A):** the cost of assets on the CIP asset type equals the CIP GL balance. FAM reports organize values by subsidiary and accounting book, and the Asset Register lists cost, accumulated depreciation and net book value for each asset.
3. **Placements to in-service assets:** the month's placement total equals the cost added to in-service asset types, and the paired transfer lines appear on the register.
4. **Register to GL:** a practitioner guide recommends reconciling the asset register to the general ledger each period (www.sixlakesconsulting.com), and states plainly that its three-part tie-out is its own method and not an Oracle requirement (www.sixlakesconsulting.com). The same guide lists reviewing clearing and construction-in-progress accounts as a control (www.sixlakesconsulting.com).

Known gaps that break the tie-out

- **Exclusions:** reports exclude manually created assets without depreciation history records, and an asset can be excluded through the Include In Reports checkbox.
- **No GL posting:** manually created or CSV-imported assets do not post to the GL automatically.
- **Direct edits:** Oracle warns that manual changes to the asset values record may cause issues.

Aging

Aging is a company control, not a standard. An illustrative set of buckets for the CIP detail (each company should set its own thresholds): 0 to 90 days since last activity, 91 to 180, 181 to 365, and over 365. Any project with no additions for more than 180 days needs an owner comment, and any project past its planned completion date needs a fresh approval. A project that is physically in use but still in CIP risks a missed depreciation start and should rank first for remediation.

UAT Scenarios and Owner Sign-off

User acceptance testing (UAT) should run in a sandbox account with the same FAM version, asset types, accounting books and preferences as production. Each scenario needs an expected GL result written before execution.

- **Straight-through project:** PO, receipt, bill, proposal, asset creation, completion, transfer; confirm GL, register and first depreciation period agree.
- **Project closure trigger:** if using On Project Completion, close the project and record exactly which field or status populated the start date.
- **Early close and reopen:** close, reopen and re-close a project; confirm the start date and Acquisition History behave as expected.
- **Multiple bills, one asset:** combine three bills through a parent proposal and compare totals.

- **Split quantity:** split a multi-quantity proposal and confirm costs sum.
- **Credit before asset creation:** apply a vendor credit to a bill and confirm the proposal reflects the reduced total.
- **Credit after asset creation:** post a credit and observe the negative cost behavior.
- **Untagged cost:** post a bill to the CIP account without a project and confirm the tie-out flags it.
- **Mandatory segments missing:** leave department blank with mandatory segments on and confirm depreciation is skipped.
- **Multi-book start:** confirm secondary-book cost, start date and tax method on the same asset.
- **Partial placement:** place one stage of a project and confirm remaining CIP is unchanged.
- **Abandonment:** write off a CIP asset and confirm the GL and register agree.
- **Period lock:** attempt to post an addition in a closed period and confirm the block.

Sign-off should name an owner for each control: the project owner for the evidence checklist, the fixed-asset accountant for the rollforward, the controller for the in-service date and capitalized interest, and the NetSuite administrator for configuration. COSO's framework requires that each of the five components of internal control be present and functioning (www.coso.org), and the sign-off package is the evidence for the control activities component. The accounting decisions stay with the company.

Data Analysis and Evidence

Scale of capital spending

The most recent Annual Capital Expenditures Survey (ACES) release reports that US nonfarm employer businesses invested $1,899.9 billion in new and used structures and equipment in 2022 (www.census.gov), of which spending on new structures and equipment was $1,786.4 billion, or **94.0%** of the total (www.census.gov). The employer sample comprised approximately **50,000** businesses (www.census.gov). Census has since moved capital expenditure collection to the Annual Integrated Economic Survey (AIES), which consolidates the collection of capex data (www.census.gov). The AIES product is experimental and is not like-for-like with ACES, so the two series should not be spliced into a trend.

Current activity is mixed. Census reported total construction spending of a seasonally adjusted annual rate of **$2,186.1 billion** for September 2026 (www.census.gov). In the same release table, manufacturing construction was $170,217 million against $205,019 million a year earlier (www.census.gov), roughly 17% lower by simple division. Private nonresidential fixed investment stood at **$4,946.552 billion** at a seasonally adjusted annual rate in the third quarter of 2026 according to BEA data on FRED (fred.stlouisfed.org). Taken together, the data suggest that large capital programs coexist with a slowdown in manufacturing structures, which means a mid-market project pipeline cannot be inferred from national totals.

CIP balances in public filings

Annual reports show what a CIP balance looks like at scale. These companies are far larger than a mid-market firm, so the figures illustrate magnitude and policy wording, not benchmarks.

- **Micron (fiscal year ended August 28, 2025):** CIP of $5,518 million versus $3,444 million a year earlier, a **60.2%** increase, within gross property, plant and equipment of $109,696 million (5.0%). The note says it primarily includes building-related construction and tool installation. Capitalized interest was $321 million in 2025 (www.sec.gov).
- **Tesla (December 31, 2025):** CIP of $8,786 million versus $6,783 million (up **29.5%**), within gross PP&E of $60,816 million (14.4%). CIP is described as assets not yet placed in service (www.sec.gov), and depreciation begins when an asset is ready for its intended use (www.sec.gov).
- **Intel (December 27, 2025):** CIP of $34.5 billion versus $50.4 billion, a **31.5%** decrease, with assets in CIP not yet placed into service or depreciating (www.sec.gov).
- **Lucid (December 31, 2025):** CIP of $970,960 thousand versus $672,534 thousand (up **44.4%**), with no depreciation until the asset is completed and ready for its intended use (www.sec.gov). Capitalized interest on CIP was not material (www.sec.gov).

The percentages are derived arithmetic from the filed figures. CIP ranges from 5.0% to 14.4% of gross PP&E at the two companies where both figures are shown here, and capitalized interest is material at some and not at others, which reinforces the need for a written stop date and interest calculation per project.

Close and fixed-asset operations benchmarks

APQC's Open Standards Benchmarking reports a median cycle time of 8.0 days for the monthly financial close across 3,389 companies (www.apqc.org), and its description of month-end procedures includes depreciating fixed assets (www.apqc.org). The annual close median is **18.0 calendar days** across 2,214 companies (www.apqc.org). For fixed assets, the cross-industry median is **9,167** assets managed per full-time equivalent across 304 companies (www.apqc.org). No public benchmark for CIP reconciliation error rates was found. The inference is that a CIP rollforward adds work inside a close window that is already measured in days, which argues for saved searches and a standing tie-out template.

Tax thresholds that affect the in-service date

For tax years beginning in 2026, the maximum Section 179 deduction is **$2,560,000** (www.irs.gov), reduced dollar for dollar once property placed in service exceeds **$4,090,000** (www.irs.gov). Publication 946 also reports that the **100% special depreciation allowance** was reinstated for qualified property (www.irs.gov). When the allowance is 100%, the tax in-service date decides the tax year of deduction, not just the first depreciation month, which raises the cost of getting that date wrong.

Implications and Future Directions

The reviewed sources show no native CIP process. The Oracle community post lists enhancement requests for CIP support and for fixed-asset records that pass through Work In Process (community.oracle.com). Until those ship, any design is a configuration pattern. A control design that works with Route A, B or C should be documented as a pattern with its tests, so that a FAM update or a change in project behavior is caught by re-running the same UAT.

Project completion semantics deserve vendor confirmation. The three words used by Oracle (completed, ends, closed) leave room for different triggers. Companies that rely on On Project Completion should record the tested behavior with the release version and re-test after major releases. Companies that cannot accept that ambiguity can approve the date through a controlled asset record instead.

Outside help. For teams without a fixed-asset specialist, implementation partners can build the saved searches, workflows and test scripts. The accounting policy, the in-service decision and the tax position remain with the company and its advisers.

Frequently Asked Questions (FAQs)

What is NetSuite CIP accounting?

It is the practice of accumulating approved capital costs in a balance sheet account until the asset is ready, then moving them to a depreciating fixed-asset account (www.netsuite.co.uk). An Oracle community comment states that NetSuite does not have a process specific to Construction in Progress "as of now", so check the current FAM release notes before relying on that (community.oracle.com).

Which NetSuite construction in progress account should be used?

A custom account under the Fixed Asset or Other Asset type. If it is the Asset Account of a FAM asset type, FAM searches it for new transactions to propose; if not, costs accumulate in the ledger only.

How to capitalize CIP in NetSuite?

Check each cost against the policy matrix, post it to the CIP account with a project tag, and generate or create the asset through the chosen route, such as the proposal and transfer workaround (community.oracle.com).

How to place an asset in service from CIP, and how does the Asset Transfer work?

Obtain the completion approval, then run an Asset Transfer to the in-service type (asset type and subsidiary changes are separate transfers) or rely on On Project Completion after proving the trigger. Confirm the start date and Acquisition History record afterward.

How to reconcile CIP, and how does capitalized interest fit?

Tie project subtotals to the CIP account, tie CIP-typed assets to the same balance, and tie placements to in-service assets. Interest is computed outside FAM under the capitalization start, suspension and stop rules (www.ifrs.org) and posted as a tagged journal.

How does project accounting connect to CIP?

Projects supply a tag and can carry onto the asset record. They are not themselves a capitalized-cost ledger.

Conclusion

NetSuite CIP is best treated as a chain of controls rather than a feature. The chain starts with an approved eligibility matrix and ends with a signed in-service date for each book. In between, the company chooses one cost-to-asset route, tags every cost to a project, tests the completion trigger, and reconciles the CIP account to projects and to the FAM register every month.

Three points carry the most weight. First, the reviewed sources, including an Oracle community comment written "as of now", show no native CIP-specific process (current FAM release notes should be checked), so the configuration must be proven in a sandbox with written scenarios. Second, depreciation timing follows readiness for use, and book, secondary-book and tax dates may legitimately differ. Third, the common reconciliation breaks (untagged bills, manually created assets absent from reports and late credits) are predictable and can be tested before go-live. Companies that put the rollforward, the aging review and the sign-off package into the close calendar are better placed to manage the transition from cost accumulation to depreciation in a controlled way. Policy decisions and tax positions should be confirmed with a qualified accountant.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

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