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NetSuite Fixed Asset Disposal: Sale, Write-Off & GL Tie-Out

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Executive Summary

Disposing of a fixed asset in NetSuite should be handled as a classified, approved and reconciled decision, not as a screen task. The **Fixed Assets Management (FAM)** SuiteApp supports write-off and sale for simple and compound assets, and Oracle's help warns that you can no longer retrieve disposed assets (docs.oracle.com). That irreversibility is the reason to insist on a **pre-disposal review**: asset identity, subsidiary, component status, **net book value (NBV)** and approval evidence should be confirmed before anyone processes the transaction.

The first decision is the economic event. A sale carries proceeds and, under US GAAP, an asset classified as held for sale is measured at the lower of carrying value or fair value less cost to sell (viewpoint.pwc.com). A scrapping or abandonment has no proceeds, and an asset to be abandoned stays classified as **held and used** until it is disposed of (www.deloitte.com). Under IFRS, gain or loss on derecognition is net disposal proceeds less carrying amount (www.ifrs.org). Partial retirements, internal transfers, impairments and asset retirement obligations (AROs) are different events: a transfer belongs on the **Asset Transfer page**, an impairment is a measurement entry on an asset that remains in service (viewpoint.pwc.com), and an ARO is a liability recognized at fair value (viewpoint.pwc.com) that must be settled separately from the equipment.

Book and tax results will differ. The IRS compares amount realized with adjusted basis (www.irs.gov), and for US federal tax a sale of a portion, a portion lost to a casualty event, and certain like-kind, involuntary-conversion and section 168(i)(7)(B) events are partial dispositions without an election, while other portion retirements count only if the taxpayer elects (www.ecfr.gov). The fictional examples in this report show a **$8,000** book gain and a **$34,000** illustrative tax gain on the same sale, which is why each book needs its own line and approver.

Controls are the main deliverable. **SEC** rules define internal control over financial reporting to include prevention or timely detection of unauthorized disposition of assets (www.ecfr.gov), and the **PCAOB** requires audit evidence to be relevant and reliable (pcaobus.org). The recommended gate separates preparation, review, approval and **processing** (www.gao.gov), uses a second person to recompute NBV and gain or loss, and ties the register to the GL by book each month. Oracle documents a restriction to test before rollout: the custom journal entries feature cannot be used with **Multi-Book** accounting in the latest FAM version, and Oracle's page does not mention disposal journals, so any effect on them is an inference to confirm in a

sandbox (docs.oracle.com). Gaps remain in public documentation, including partial-disposal apportionment, the gain or loss account destination and any supported correction path, so sandbox user acceptance testing is required. The **COSO** framework does not prescribe specific controls (www.ifac.org), which leaves the design to management and its auditors. Tax and reporting conclusions are conditional on policy, books and jurisdiction.

Introduction and Background

Disposing of a fixed asset in NetSuite looks like a short screen task: choose an asset, pick a disposal type, click **Dispose**. The accounting consequences are larger. A disposal removes cost and accumulated depreciation from the register, posts the difference to the general ledger (GL), creates **depreciation history records (DHRs)** and, in the Fixed Assets Management (FAM) SuiteApp, is documented as final: Oracle's help states that after a write-off "you can no longer retrieve disposed assets" (docs.oracle.com). That single sentence changes how a controller should treat the step. It is a controlled decision with a pre-posting review, not a data-entry task.

This report is written for controllers, fixed-asset accountants, NetSuite administrators and audit owners who must choose the correct FAM event and the evidence to hold before processing. It treats disposal as a decision followed by a reconciliation. The decision is which economic event occurred: a sale, a scrapping, a partial retirement, an internal transfer, an impairment or an **asset retirement obligation (ARO)** settlement. The reconciliation proves that the register, the DHRs, the GL and any cash or receivable from proceeds agree after processing. As of October 2026, the most recent FAM release described in Oracle's SuiteApp release notes is **version 26.2**, with the notes last updated on **September 21, 2026** (docs.oracle.com). Menu paths and field names should be confirmed in a sandbox before they are written into a procedure.

Regulators and standard setters frame the same concern from the control side. The Securities and Exchange Commission (SEC) defines **internal control over financial reporting (ICFR)** to include records that accurately and fairly reflect dispositions of assets (www.ecfr.gov), and reasonable assurance on preventing or timely detecting unauthorized disposition of assets (www.ecfr.gov). The same rule ties ICFR to receipts and expenditures made only in accordance with management authorizations (www.ecfr.gov). A disposal procedure is therefore a control in its own right, with design and evidence requirements, and not only a bookkeeping routine.

Two scope limits apply. First, every dollar figure in a worked example is fictional and labeled. Second, tax and financial-reporting treatment depends on accounting policy, the books maintained and the jurisdiction, so tax references are limited to what the Internal Revenue Service (IRS) and the US **Treasury regulation**s publish for US federal returns, framed conditionally. **Houseblend**, a Montréal NetSuite consultancy serving mid-market companies, approaches the topic as a practice that implements, integrates and administers the platform; the sections below describe controls and evidence, not a vendor choice.

Key Distinctions: Six Events That Look Alike in the Asset Register

The first control is classification. The same asset can leave the books through six different economic events, and each maps to a different FAM action and a different GL consequence. Misclassifying the event is usually costlier than mis-keying an amount, because the wrong FAM transaction is hard to unwind. *Table 1* below

summarizes the mapping, with the authority for each row; the subsections explain the reasoning.

Economic event	FAM action	GL consequence	Register change	Evidence and owner
Sale to a third party	Asset Disposal, type Sale; invoice created	Difference between net book value (NBV) and proceeds; **held-for-sale** depreciation stops under US GAAP if the held-for-sale criteria are met before the sale date (viewpoint.pwc.com)	Cost and accumulated depreciation removed	Sale agreement, invoice, bank receipt; fixed-asset accountant prepares, controller approves
Scrapping or abandonment	Asset Disposal, type Write-off	NBV and cumulative depreciation posted; asset stays held and used until disposed (www.deloitte.com)	Removed; counted in Disposals column	Retirement authorization, proof of removal; operations plus accounting
Partial retirement	Asset Disposal by quantity, or **Asset Split** first	Remaining value reduced like a write-down; apportionment is policy-dependent	Disposed quantity tracked	Count, vendor or engineering support, apportionment basis; asset custodian
Internal transfer	Asset Transfer page, not Asset Disposal	Transfer accounts for subsidiary moves; no gain or loss	Attributes change; cost basis preserved	Transfer request and acceptance; both entities
Impairment or write-down	**Asset Revaluation**	Held-and-used test uses undiscounted cash flows (www.deloitte.com)	Lower NBV; asset remains	Recoverability analysis; controller
ARO settlement	Outside the disposal function	Liability recognized at fair value (viewpoint.pwc.com) and settled separately	Liability schedule separate from the asset	Settlement invoices, obligation schedule; controller

The table shows that only the first three rows belong on the **Asset Disposal page**. The fourth belongs on the Asset Transfer page, the fifth on Asset Revaluation, and the sixth outside FAM disposal. Each row is sourced below.

Economic sale

A sale is the one disposal in which cash or a receivable arrives. Under US generally accepted accounting principles (GAAP), a long-lived asset meeting the held-for-sale criteria is carried at the lower of carrying value or fair value less cost to sell (viewpoint.pwc.com), and depreciation is no longer recorded (viewpoint.pwc.com). PwC adds that deferring costs to sell is not appropriate (viewpoint.pwc.com) and that merely exploring a sale does not meet the management-commitment criterion (viewpoint.pwc.com). Deloitte notes that any gain or loss on sale not previously recognized is recognized on the date of sale (www.deloitte.com). Under International Financial Reporting Standards (IFRS), **IAS 16** measures the gain or loss as the difference between net

disposal proceeds and carrying amount (www.ifrs.org) and states that such gains are not revenue (www.ifrs.org). In the US GAAP guidance for derecognizing nonfinancial assets, the gain or loss is likewise the difference between the consideration measured and the carrying amount (viewpoint.pwc.com).

In FAM, selling an asset posts "the difference between its net book value and the proceeds from the sale" to the GL (docs.oracle.com). For tax reporting, the IRS computes gain or loss by comparing the amount realized with adjusted basis (www.irs.gov), which differs from the book result whenever book and tax depreciation differ. The Treasury regulation lists sale, exchange, retirement, physical abandonment and destruction as forms of disposition (www.ecfr.gov), a taxonomy that mirrors the sale-versus-write-off split in FAM.

Scrapping, write-off and abandonment

A write-off is a disposal with no proceeds. Oracle states that it posts the asset's NBV and cumulative depreciation to the GL and sets both to zero (docs.oracle.com). Deloitte lists abandoning assets and exchanging them at carrying amount among the ways to dispose of assets other than by sale (www.deloitte.com). US GAAP treats an asset to be abandoned as held and used until it is disposed of (www.deloitte.com), so depreciation continues to the abandonment date rather than stopping at the decision date. IFRS reaches a similar practical result by another route: **IFRS 5** excludes assets to be abandoned from held-for-sale because their carrying amount is recovered through continuing use (www.ifrs.org), while IAS 16 requires derecognition when no future economic benefits are expected from use or disposal (www.ifrs.org) and notes that depreciation does not cease merely because an asset is idle (www.ifrs.org).

The tax view is conditional. The IRS says abandonment is generally not treated as a sale or exchange (www.irs.gov) and that the abandonment loss is deducted in the year the loss is sustained (www.irs.gov). The regulation treats a disposition as occurring on transfer of ownership or permanent withdrawal from use (www.ecfr.gov), and says the manner of disposition is not taken into account in deciding whether one occurs (www.ecfr.gov). **Publication 946** adds that depreciation stops when property is retired from service (www.irs.gov) and treats permanent withdrawal from use as a disposal (www.irs.gov). A write-off therefore needs a documented retirement date that survives both a book and a tax review.

Partial retirement

Partial retirement covers two different facts: fewer units than the record shows, or a significant part of a larger asset. FAM reduces the remaining value (similar to a write-down) so that future depreciation calculates correctly (docs.oracle.com). The page reviewed gives no apportionment formula for cost and accumulated depreciation, so a team should test the result against its policy. A split cannot be reversed by merging assets, and units destined for a different class, department, location or subsidiary must first be split into a separate asset (docs.oracle.com).

Component accounting shapes the policy. KPMG notes that under US GAAP the component approach is permitted but not required (kpmg.com), whereas IFRS requires separate depreciation of significant parts (kpmg.com), and IAS 16 requires derecognizing a replaced part regardless of whether it was depreciated separately (www.ifrs.org). For US federal tax, a sale of a portion of a **MACRS** (Modified Accelerated Cost Recovery System) asset is a partial disposition (www.irs.gov), as are a portion lost to a casualty event, a portion whose gain is not recognized in whole or in part under section 1031 or 1033, and a portion transferred

in a section 168(i)(7)(B) transaction, while other portion retirements, such as a replaced component, count only if the taxpayer makes the election (www.ecfr.gov). The election is made on the original return, including extensions, for the year of disposition (www.ecfr.gov) (www.irs.gov). Without it, the regulation's example concludes that the retirement of a replaced elevator is not a disposition (www.ecfr.gov) (www.law.cornell.edu). **Publication 544** also addresses the loss from abandoning a portion of a MACRS asset as a partial-disposition matter (www.irs.gov). Whether to elect is a tax-owner decision that FAM does not make.

Internal transfer

A transfer moves an asset between subsidiaries, classes, departments or locations and is not a disposal. For subsidiary transfers, FAM journal entries move the asset and its accumulated depreciation "out of the balance sheet and into the origin transfer account" (docs.oracle.com). The reconciliation risk is a routing one: a transfer processed through the disposal page would inflate the Sale or Disposals columns and distort any proceeds tie-out.

Impairment and revaluation

Impairment is a measurement event on an asset that stays in service. PwC describes the US GAAP recoverability test as a comparison of carrying amount with undiscounted cash flows from use and eventual disposition (viewpoint.pwc.com). IFRS differs: **IAS 36** reduces carrying amount to recoverable amount (www.ifrs.org), defined as the higher of fair value less costs of disposal and value in use (www.ifrs.org). FAM handles the entry as Asset Revaluation, which Oracle describes as a write-down, "a form of depreciation that involves a partial write-off" (docs.oracle.com). Because the asset stays registered, it should not appear in the Sale or Disposals columns. Teams should also keep routine disposals separate from discontinued-operations analysis: the Financial Accounting Standards Board (**FASB**) limits that reporting to disposals representing a strategic shift with a major effect on operations (storage.fasb.org), having observed that earlier practice included disposals that were routine in nature (storage.fasb.org). A component under that guidance can be a segment, reporting unit, subsidiary or asset group (storage.fasb.org). Routine equipment retirements are therefore ordinary gains and losses.

Asset retirement obligations

An ARO under **Accounting Standards Codification (ASC) 410-20** is a liability, not a routine removal of equipment. PwC explains that an ARO is initially recognized as a liability at fair value (viewpoint.pwc.com), that the capitalized cost added to the asset is depreciated over its depreciable life (viewpoint.pwc.com), and that even a conditional obligation is a legal obligation to perform an asset retirement activity (viewpoint.pwc.com). If a disposal group held for sale includes an ARO, accretion continues until the disposal is completed (viewpoint.pwc.com). Under IFRS, **IFRIC 1** adds the initial estimate of dismantling and restoration costs to asset cost (www.ifrs.org). The FAM disposal pages reviewed do not mention AROs, so a write-off of an asset with an open ARO should be coordinated: settle or release the liability under the ARO schedule, and dispose the asset through FAM. Skipping the first step leaves a liability on the balance sheet for equipment that is gone from the register.

Implementation Considerations and Process Changes

Validate asset identity, subsidiary, component and ownership

Irreversibility makes pre-disposal validation the main control. Before anyone opens the disposal page, a preparer should confirm and evidence five facts: the asset's internal ID and tag match the physical item, the subsidiary on the record matches the legal owner, the asset is not a component whose parent should be handled instead, title and any lien or lease status permit disposal, and depreciation is posted through the intended disposal period. The US Government Accountability Office (GAO) Green Book, a federal-government internal control standard that is widely used as a general reference, describes periodically counting vulnerable assets and comparing them to control records (www.gao.gov), and notes that management establishes physical control to secure and safeguard such assets (www.gao.gov). A tag-to-register count before disposal applies the same idea. The GAO states that its 2025 revision took effect for fiscal year 2026 (www.gao.gov), so teams quoting the 2014 text should confirm paragraph references.

Date discipline follows from FAM mechanics. A practitioner source reports that FAM will not dispose of an asset dated before the last depreciation date (bridgepointconsulting.com), and Oracle's bulk CSV rules say the same of the import. A depreciation run catches up every unposted period through the date entered, so a June run after a January run processes February through June (docs.oracle.com). Run and post depreciation first, then dispose.

Calculate book value and proceeds by method

FAM computes the sale amount per depreciation method: for accounting methods from the asset's current cost, for alternate (tax) methods from the current cost on the alternate depreciation record. In Multi-Book accounts, Oracle states that the asset is disposed in all associated accounting books, so a team cannot dispose in the primary book and leave a secondary book open. The preparer's control question is whether the NBV FAM will use equals the NBV the controller approved. A simple check is to run the **Asset Register** before processing and compare its NBV with the approval memo.

Tax inputs need their own owner. The Treasury regulation states that depreciation ends at the time of disposition, taking the applicable convention into account (www.ecfr.gov), in the elevator example depreciation ceases at the time of retirement (www.law.cornell.edu), and Publication 946 says the disposal-year deduction is only part of a full year's depreciation (www.irs.gov). Policy must also decide whether selling costs reduce proceeds; US GAAP held-for-sale guidance treats costs to sell as part of the measurement (viewpoint.pwc.com).

Process stages and the irreversible-action gate

Oracle's process documentation shows a disposal is a queue of processes, not a single posting. The **Process Status** page queues the stages for asset disposal (docs.oracle.com). The recommended gate has **four steps**: preparation (identity evidence and calculations), review (a second person recomputes NBV and gain or loss from the register), approval (controller sign-off recorded before processing) and processing (a user other than the approver executes and attaches the Process Status result). The **GAO Green Book** supports the structure: it calls for segregating key duties among different people (www.gao.gov) so that no one individual controls all

key aspects of a transaction (www.gao.gov), and it requires that transactions be authorized and executed only by persons acting within their authority (www.gao.gov). Where a small team cannot segregate fully, the Green Book expects alternative control activities (www.gao.gov), for example a monthly controller review of every disposal DHR.

Journal approval and multi-book postings

Disposal journals follow the account's approval settings. Oracle states that with **Custom Transactions** and **Use Custom Journals** enabled the system creates a disposal journal that must be set to Approved before posting, and that an administrator approves it where **Require Approvals on Journal Entries** is on and the user lacks approval permission (docs.oracle.com). A user who holds the **Journal Approval** permission can approve their own journal entries when entering them (docs.oracle.com), an exposure to close through role design or workflow. Multi-Book adds two cautions. With **Multi-Book Accounting**, a write-off also generates a journal entry for tax methods linked to accounting books (docs.oracle.com), yet in the latest FAM version the custom journal entries feature cannot be used with Multi-Book accounting (docs.oracle.com). Oracle's page does not mention disposal journals, so whether this restriction affects disposal journal approval is an inference, and the approval design must be tested in a sandbox in the account's actual configuration. Tax methods on the Depreciation History subtab are used for analysis and do not generate financial transactions (docs.oracle.com), so each tax method should be tagged as posting or non-posting before the tie-out is designed.

Control frameworks explain why this matters. The 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework sets out five components and seventeen principles (www.theiia.org). An overview prepared for the International Auditing and Assurance Standards Board describes Principle 10 as selecting control activities that mitigate risk (www.ifac.org), Principle 11 as technology general controls (www.ifac.org) and Principle 12 as deploying controls through policies that establish what is expected (www.ifac.org). The same overview notes the framework does not prescribe which controls to select (www.ifac.org), so the disposal gate is a management design choice that auditors will then test.

Period close and timing

Oracle states that no one can make GL-impacting changes to posting transactions in a closed period (docs.oracle.com). A disposal dated in a closed period therefore needs an explicit decision: reopen with approval, or process in the first open period and document the cut-off difference. The same thinking applies to subsidiaries in **OneWorld**, where periods can be locked per subsidiary. Accountants should also remember that the balance-sheet presentation of accumulated depreciation must be set out separately in the balance sheet or in a note (www.ecfr.gov), so a period-end disposal that is processed late can distort a disclosure rollforward as well as the ledger.

Reconcile register, DHR, GL and proceeds

The reconciliation compares four independent records. The Asset Register lists cost, accumulated depreciation and NBV for each asset, and, from FAM version 4.01.2, disposals generate two types of DHR, one for sales and one for write-offs (docs.oracle.com). The Asset Register and **Asset Summary** reports separate Sale and

Disposals amounts and the **Depreciation Monthly** report ties depreciation to journal entries. Reports also omit manually created assets that have no DHRs, which is a documented reconciling item. The SEC's 2007 interpretive guidance lists reconciliations, segregation of duties and review and approval authorizations among control characteristics (www.sec.gov), and requires management to keep evidential matter supporting its assessment (www.ecfr.gov).

Exception handling

Exceptions fall into **five patterns**, each with a prevention step and a response.

- **Wrong asset disposed:** Prevention is the identity gate above. Response is to stop, capture the Process Status and DHR screens, and raise a support case with Oracle. No page reviewed describes a supported restore, and a GL reversal does not by itself restore a FAM asset record.
- **Wrong period:** Document the period decision before reversing anything, because closed periods block GL-impacting changes.
- **Wrong quantity:** A split cannot be undone by merging, so count first and dispose second.
- **Failed process or report:** Re-run and compare with the pre-disposal NBV; Oracle notes that the My Reports page does not show failed reports, so absence of a report is not evidence of zero activity.
- **Wrong event type:** Prevention is routing: use the Asset Transfer page for transfers and reserve the Asset Disposal page for sales and write-offs.

Audit evidence and approval checklist

The Public Company Accounting Oversight Board (PCAOB) Auditing Standard 2201 defines ICFR to include reasonable assurance on preventing or timely detecting unauthorized disposition of the company's assets (pcaobus.org) and records that fairly reflect dispositions (pcaobus.org). Auditing Standard 1105 states that audit evidence must be relevant and reliable (pcaobus.org), that evidence from a knowledgeable independent source is more reliable (pcaobus.org), and that original documents are more reliable than photocopies (pcaobus.org). The Green Book similarly expects management to document transactions clearly (www.gao.gov), and SEC guidance notes that documentation varies with the size, nature and complexity of the company (www.sec.gov). For each disposal, the evidence set is:

- **Authorization:** approval by someone with authority over the asset class, dated before processing.
- **Identity:** asset ID, tag photograph or custodian confirmation, and subsidiary.
- **Valuation:** register NBV export taken before processing, with method and book.
- **Proceeds:** executed agreement, generated invoice and bank receipt, or scrap certificate.
- **Processing:** Process Status result and disposal DHR identifiers.
- **Journal:** posting reference and approval record for each book.
- **Retention note:** the asset's Sale/Disposal subtab shows only the latest disposal (docs.oracle.com), and Oracle's audit guidance says there is no audit trail for journal entry edits after approval (docs.oracle.com), so evidence must be retained outside the record.

Data Analysis and Evidence

This section turns the control design into numbers. All amounts are fictional (Hypothetical Example), chosen only to show arithmetic, and are not tax advice.

Gain or loss and per-book rollforward (Hypothetical Example)

Assume a delivery vehicle, asset A-1001, with cost of **$120,000** and accumulated depreciation of **$78,000** through September 30 in the primary book, giving NBV of **$42,000**. It is sold for **$50,000**. Gain equals proceeds minus NBV, or $8,000, consistent with IAS 16's proceeds-less-carrying-amount rule (www.ifrs.org) and with the IRS description of gain as the excess of the amount realized over adjusted basis (www.irs.gov). If policy treats **$2,000** of auction fees as a cost of disposal, the gain is **$6,000**. The tax book might carry accumulated depreciation of **$104,000** and an adjusted basis of **$16,000**, producing a $34,000 tax gain on a different base. Whether it is ordinary income depends on the property class: for **section 1245** property the IRS treats gain as ordinary income to the extent of depreciation allowed or allowable (www.irs.gov), and the **Form 4797** instructions direct taxpayers to Part III for depreciation recapture (www.irs.gov). The tax conclusion belongs to the tax owner.

Table 2 below shows the per-book rollforward for this disposal and a fictional write-off of asset A-1002 (cost **$30,000**, accumulated depreciation **$27,000**, NBV **$3,000**, no salvage).

Book and event	Cost	Accumulated depreciation	NBV	Proceeds	Gain (loss)
Primary book, A-1001 before sale	**$120,000**	$78,000	$42,000	n/a	n/a
Primary book, A-1001 sale	($120,000)	($78,000)	($42,000)	$50,000	$8,000
Primary book, A-1002 write-off	($30,000)	($27,000)	($3,000)	$0	($3,000)
Tax method (illustrative), A-1001 sale	($120,000)	($104,000)	($16,000)	$50,000	$34,000
Primary book, net of both disposals	(**$150,000**)	(**$105,000**)	(**$45,000**)	$50,000	**$5,000**

The table shows why single-book review is insufficient: identical proceeds produce different gains by method, so each book needs its own line and approver. It also shows that a write-off yields a loss equal to NBV unless salvage is received, the arithmetic behind FAM's write-off posting described earlier.

Partial disposal (Hypothetical Example)

Assume a lot of **20 identical racks**, total cost **$200,000**, accumulated depreciation $120,000, NBV **$80,000**. If policy apportions pro rata by quantity and **5 units** are scrapped, the removed amounts are cost $50,000, accumulated depreciation $30,000 and NBV **$20,000**, a $20,000 loss. Oracle publishes no apportionment formula, so the FAM result must be compared with the policy figure in a sandbox. If units differ in age, a pro rata policy would be wrong and a split by actual unit cost is preferable. For US federal tax, the sale of a portion of a MACRS asset is a partial disposition without any election (www.irs.gov).

FAM-to-GL tie-out (Hypothetical Example)

Table 3 below shows a month-end tie-out for a fictional entity with one asset type. Beginning cost is **$1,000,000** and beginning accumulated depreciation **$400,000**. Additions are **$250,000**, depreciation is **$90,000**, and the two disposals above remove $150,000 of cost and $105,000 of accumulated depreciation.

Line	FAM Asset Summary or Register	GL balance	Difference	Explanation required
Ending cost	**$1,100,000**	$1,100,000	$0	None
Ending accumulated depreciation	**$385,000**	**$379,000**	$6,000	Depreciation journal awaiting approval (unposted)
Ending NBV	**$715,000**	**$721,000**	$6,000	Same item
Sale proceeds	$50,000 invoice	$50,000 receivable cleared by bank receipt	$0	Match invoice to cash receipt
Disposals gain (loss)	$5,000	$5,000	$0	Match to gain or loss lines in the GL

Rolling the register forward gives ending cost of $1,000,000 + $250,000 - $150,000 = $1,100,000, ending accumulated depreciation of $400,000 + $90,000 - $105,000 = $385,000 and ending NBV of $715,000, which also equals beginning NBV **$600,000** + $250,000 - $90,000 - $45,000. The $6,000 difference is deliberately an unposted journal: Oracle states that journal entries are not posted until approved (docs.oracle.com). The interpretive point is that every non-zero difference must map to a named, documented item before sign-off, and that the GL side of the comparison should also feed the balance-sheet disclosure of accumulated depreciation (www.ecfr.gov).

Reference thresholds from official sources

A few anchors help reviewers triage items. The IRS states that the de minimis safe harbor threshold is currently **$2,500** per item, or $5,000 with an applicable financial statement (www.irs.gov). Publication 946 gives the maximum section 179 expense deduction for tax years beginning in 2026 as **$2,560,000** (www.irs.gov) and says **Public Law 119-21** reinstated the **100%** special depreciation allowance for certain qualified property acquired and placed in service (www.irs.gov). Fully expensed property can leave a tax adjusted basis of zero while carrying positive book NBV, so tax and book gains diverge. Under the **half-year convention** the disposal-year deduction is half the full-year amount (www.irs.gov). The FASB notes that an Accounting Standards Update is not itself authoritative and communicates how the Codification is amended (storage.fasb.org), so policy memos should cite **ASC 360-10** and not the update.

User Acceptance Testing and Monthly Close Sign-Off

UAT matrix

User acceptance testing (UAT) should run in a sandbox refreshed from production and cover the cases that differ in FAM behavior:

- **Whole asset sale, single book:** verify invoice, NBV-versus-proceeds posting, sale-type DHR and Asset Register Sale column.
- **Whole asset write-off, single book:** verify NBV and cumulative depreciation posting and the Disposals column.
- **Partial quantity write-off:** compare resulting cost and accumulated depreciation with the policy apportionment, status and future depreciation.
- **Compound asset, parent disposal:** verify all components are added and compound records update.
- **Compound asset, component retirement:** confirm the chosen path (split, then dispose) and parent effect.
- **Multi-book with a linked tax method:** confirm the extra journal and per-book postings.
- **Custom journals enabled:** confirm the Approved status requirement and, with Multi-Book on, the documented incompatibility.
- **Closed period:** confirm behavior for a disposal dated in a locked or closed period.
- **Subsidiary mismatch:** confirm that customer, asset, tax code and item must share a subsidiary in OneWorld.
- **Bulk CSV:** confirm date, amount and internal ID validation rules.
- **Transfer misrouted as disposal:** confirm that no transfer was entered through the Asset Disposal page by reviewing the month's disposal DHRs.

Each case should record expected GL lines, expected register lines and the preparer, reviewer and approver. Test data must be fictional or masked.

Monthly close sign-off

The close routine can be a short checklist: confirm depreciation is posted through month-end; list every disposal DHR in the month; agree each to approval evidence; recompute gain or loss; tie cost and accumulated depreciation rollforwards to the GL by book; agree proceeds to cash; clear or explain every difference; then lock the period. Closing a period should be the final step after account review, and the principle that independent, original evidence is more reliable (pcaobus.org) argues for keeping bank and counterparty documents rather than internal screenshots alone.

Implications and Future Directions

Three implications follow. First, disposal governance is a role-design question as much as a procedure question. FAM disposals run under the user's own permissions and need to create journals (docs.oracle.com), so whoever can open the disposal page is effectively a journal poster. Account administrators also hold the period-override permissions. Where administrators double as fixed-asset accountants, every safeguard sits with one person. The GAO's observation that access to resources and records should be limited to authorized individuals (www.gao.gov) applies directly.

Second, thin documentation on correction paths makes sandbox rehearsal a requirement. The help pages reviewed state the irreversibility warning, describe no supported restore and publish no partial-disposal apportionment formula. FAM is an updating SuiteApp that continues to change between releases, so each

team should record the behavior it observed and the date. Controls that depend on prompt, accurate recording align with the Green Book's expectation that transactions are promptly recorded (www.gao.gov).

Third, automation is possible but raises the stakes. Bulk CSV disposal uses a fixed template that cannot be extended with custom fields, so approval evidence has to live in a companion file or workflow. Any integration or script-based disposal should enforce the same gate: approved event type, identity check, period check and a dry-run comparison. Houseblend, as a NetSuite implementation and administration practice, would treat such work as a controlled change with its own testing, and in-house teams can apply the same principles. Multinational groups should also remember that jurisdictions differ on retirement rules, and IFRS component requirements (kpmg.com) may mean a single-asset record is too coarse for an IFRS book.

Frequently Asked Questions (FAQs)

How do you dispose of a fixed asset in NetSuite?

Use the Asset Disposal function in FAM: set the disposal type to write-off or sale, enter a posting date, select the asset and quantity, add it and submit; the Process Status page then tracks the queued processes. Run it only after the pre-disposal review above, because disposed assets cannot be retrieved.

What is the NetSuite fixed asset disposal journal entry?

Oracle describes the logic more than a fixed set of lines. A write-off posts NBV and cumulative depreciation, and a sale posts the difference between NBV and proceeds, as described above. Whether a dedicated disposal journal needs approval depends on the Custom Transactions and Use Custom Journals settings. Review the actual journal lines in a sandbox for each asset type, because accounts are configurable.

Which account holds the gain or loss on disposal?

Oracle's account-setup page lists the accounts predefined at installation for assets, asset types and proposals (docs.oracle.com), and the pages reviewed do not name a standalone gain-or-loss account field. Confirm the destination from a test posting and document it in the account-mapping record. It is a configuration question, not a universal answer.

How does partial asset disposal work?

FAM disposes a partial quantity and reduces the remaining value like a write-down. Apportionment of cost and accumulated depreciation is not published as a formula, so test it against policy, as in the racks example above.

How is a fixed asset write-off different from a sale?

A write-off has no proceeds, while a sale generates an invoice and posts the difference between NBV and proceeds. Under US GAAP a sale route can trigger **held-for-sale classification** and a halt in depreciation (viewpoint.pwc.com), whereas abandonment keeps the asset in held-and-used treatment until disposal (www.deloitte.com).

How do you reconcile the fixed asset register to the general ledger?

Roll the Asset Register or Asset Summary forward by cost and accumulated depreciation, compare each to the GL by book, and explain differences such as unposted journals and assets excluded for lacking DHRs. Table 3 gives a template.

Can a disposed asset be recovered?

Oracle states that you can no longer retrieve disposed assets. The documentation reviewed describes no supported restore, so contact Oracle Support and rehearse corrections in a sandbox first.

Conclusion

Fixed asset disposal in NetSuite is best treated as a three-part control: classify the event, gate the irreversible FAM action with identity, valuation and approval evidence, and reconcile the result by book to the GL and to cash. The six events in Table 1 map to different FAM functions, and the Asset Disposal page is correct for only three of them. Oracle's documentation supports the central design constraint that disposed assets cannot be retrieved, and it leaves several details to testing: partial apportionment, the gain or loss account destination, and the interaction of custom journals with Multi-Book. Tax and financial-reporting conclusions remain conditional on policy, books and jurisdiction; the cited IRS, SEC, PCAOB, IFRS and Big Four materials identify the questions the relevant owners must answer rather than answering them. Organizations that want an independent review of their disposal gate or a sandbox UAT can contact Houseblend.

Source links

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Implementation and architecture

Houseblend provides NetSuite implementation, architecture and data migration services. We help teams evaluate how business processes, reporting requirements and existing data should fit together in an ERP environment. Training supports the people responsible for adopting and operating the resulting system.

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Our services include NetSuite integrations and customization, as well as AI integrations and AI transformation work. These engagements connect ERP data and workflows with the broader application landscape. The right design depends on the organization's systems, controls and operating needs.

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Houseblend offers NetSuite health checks, optimization, managed support and project rescue services. We also provide expertise for analytics and specialist workflows, including NetSuite Analytics Warehouse, warehouse management and field service management. Published educational material helps teams investigate options and prepare informed questions for their implementation or support work.

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