



move your company forward


# Accounting Tips: Construction Work-In Progress

What is construction work-in-progress and how do I account for it in my accounting methods?

According to [Wikipedia](#), construction work-in-progress, also known as construction in progress (CIP), is an asset or capital entry in your records for the cost of construction work not yet completed. It is not depreciated until the asset is placed in service. Upon completion, the item is reclassified, capitalized and depreciated.

For example, the account work-in-progress will have a debit balance and will be reported on the balance sheet as a component of a company's plant, property, and equipment. Costs are accumulated until the asset is placed into service, when it will be credited for accumulated costs and debited to the appropriate property, plant, and equipment account. Depreciation begins after it has been placed into service.

## Accounting Tips

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the CIP related invoices when they are first entered into your accounting system. This helps to ensure items expensed are charged “off” at once. Avoid adding these invoices into the CIP account to help reduce the risk of capitalizing these items when they should be charged off immediately.

[Click here to read more and to download \(or Pin\) the Construction in Progress infographic.](#)

## Contact Us

When it comes to construction accounting, it's best to speak with a CPA that specializes in your industry. [Contact us](#) and let's move your business forward together

*Adam*

implementation

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