

R&D record in P&L (Finance)

R&D is supposed to be recorded in P&L as OPEX (either as separate line or under SG&A).

There are three major exceptions:

1. If a certain R&D project is executed as a service to another Business then it should be captured as COGS
2. If some R&D costs relate to Tangible Assets that have an alternative future use then it can be capitalized as a Fixed Assets and then depreciated over the projected lifetime of the developed Product
3. If R&D is a critical component of the Business which drives the Sales growth then Financial Management may choose a policy of capitalizing the Development part or even a full-amount of R&D expense and then amortize it over the projected lifetime of the developed Product

See also

[Business](#) / [Business Administration](#) / [Financial Management](#) / [Financial Accounting](#) / [Profit and Loss \(P&L\)](#)