



# 5 Criteria for Capitalizing Product Design

Use this checklist to determine whether your UX or product design work may qualify as CapEx. *(Always confirm with your CFO or accountant.)*

- Design Contributes to a Long-Term Asset**
  - Your work supports the development of a new product, major enhancement, or platform with future revenue potential.  
**Example:** A redesign tied to a new SaaS feature rollout or launch.
- Technological Feasibility Has Been Established**
  - The team can document when a feature or product reaches feasibility—a key GAAP requirement for capitalizing software costs.  
**Tip:** Set this milestone explicitly in your roadmap if you're using Agile.
- Design Activities Are Clearly Documented**
  - Your team keeps track of who did what, when, and for which component—essential for finance teams to isolate capitalizable hours.  
**Include:** wireframes, flows, testing results, and design system updates.
- Design Is Part of Custom-Built Software**
  - Work supports the development of a custom, internal, or commercial product—not a plug-and-play template or off-the-shelf tool.  
**Common for B2B SaaS or health tech platforms built from the ground up.**
- Your Accounting Team Has a CapEx Policy**
  - There's a defined internal process for determining what qualifies, how time is tracked, and how costs are capitalized.  
**Ask your CFO:** "How do we treat design work that contributes to product innovation?"

Want help mapping your product design activities to CapEx criteria?

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