



Fire Suppression Products Now Eligible for Tax Deduction under Section 179

Section 179 provides a valuable tax deduction for businesses. This allows companies to save money by deducting certain purchases in full instead of having to depreciate them over time. This is also applicable if you finance, purchase or lease the equipment. There are several qualifications that you must meet to take advantage of this deduction, however.

In the tax year 2018, some of those requirements were expanded so businesses would benefit even further from Section 179. Adding expenses and upgrades for fire protection systems was one of those expansions.

Basics of Section 179

Section 179 allows businesses to lower their operating costs, which gives them incentive to invest in themselves. They can buy equipment and make upgrades, which may increase revenue over time.

Note: The equipment or upgrades must be put into service the same year that they are purchased. It is also subject to certain dollar limitations as well.

Changes to Section 179 under the Tax Cuts and Job Act of 2018

On December 22, 2017, President Trump signed the Tax Cut and Jobs Act into law. This law changed many aspects of the tax code, including many provisions that affect many businesses.

The changes to Section 179 include:

- The deduction limit has increased from \$500,000 to \$1,000,000
- The equipment purchases limit was increased to \$2.5 million

- Both new and used equipment is now eligible for the Section 179 deduction. The improvements to non-residential property that qualify for Section 179 have also been altered. You can now take the deduction for:
- **Improving roofing**
- **Upgrades for heating and cooling systems**
- **Adding alarm or security systems**
- **Installing fire protection**
- **Enhancing ventilation systems**

These additions were included to encourage long-term economic growth for businesses.

Section 179 and fire protection and suppression systems

Before the new law, most fire protection, alarm, and security systems are capitalized and depreciated over a number of years—up to 39 years. The amount of time that you must depreciate it will depend on the type and size of the system, and whether it is incorporated into a building structure. While the depreciation is undoubtedly a helpful tax benefit, using Section 179 to deduct the cost in one year can be extremely beneficial to offset income.

For the first time ever, fire protection systems are not included in the upgrades that qualify for a Section 179 deduction. Because the deduction maximums were also increased, businesses can use regular Section 179 deductions in addition to adding a deduction for fire protection systems.

These Fire protection system components eligible for the deductions:

- **Sprinkler heads and mains, piping for sprinkler systems**
- **Computer controls & sensing devices**
- **Visual and audible alarms**
- **Fire escapes & Fire Doors**
- **Emergency exit signage and lighting**
- **Fire-fighting equipment (The Rusoh Eliminator qualifies)**
- **Heat and smoke detection devices**

IRS Link: <https://www.irs.gov/newsroom/irs-issues-guidance-on-section-179-expenses-and-section-168g-depreciation-under-tax-cuts-and-jobs-act>