

Fire preparedness and prevention expenses for primary producers

Can you claim a tax deduction? What you need to know.

This fact sheet explains your entitlement to claim income tax deductions for costs you incur on fire emergency preparedness and prevention assets and activities on your primary production land.

This fact sheet only applies if you are carrying on a primary production business on land in Australia. If you are not carrying on a primary production business, for example if you are a hobby farmer, you generally cannot claim for the expenses described in this fact sheet.

Capital costs or revenue costs

This fact sheet mainly concerns special deductions that are available for various capital costs. Capital costs are costs that provide a lasting benefit (such as the cost of business assets) and are otherwise not usually deductible. If your expenses are revenue expenses (that is, normal business operating expenses such as the cost of maintaining firebreaks), these expenses are deductible anyway under the normal deduction provisions.

Private expenses

You cannot claim a deduction for fire preparedness and prevention expenses that are private in nature (for example, expenses related to protecting your private residence).

Water facilities

You can claim an immediate deduction for the cost of all water facilities you use in your primary production business, including for the purposes of fire emergency preparedness and prevention.

A water facility is:

- plant or a structural improvement that is mainly for the purpose of conserving or conveying water (for example, dams, tanks, bores or sprinkler systems)
- a structural improvement that is reasonably incidental to conserving or conveying water
- alterations, extensions or capital repairs to the above.

What you can claim

You can claim a deduction for the cost of:

- quick fill pumps
- high rise drive under water tanks
- lightweight water tanks for utility vehicles
- fire protection sprinkler systems in sheds
- fire dams.

What you cannot claim

You cannot claim for the purchase or installation costs of a swimming pool, even if the pool is occasionally used to draw water for fire-fighting purposes.

However, if the pool is equipped with an extra pump to be used solely for fire-fighting purposes, you can claim the cost of the extra pump.

Other capital expenses

What you can claim

You can claim a decline in value (depreciation) deduction for the cost of the following assets based on their effective life:

- fire extinguishers
- fire shields made of non-combustible materials to protect water tanks and electrics on sheds
- wind breaks of permanent materials like rocks and iron (where they have a limited effective life and can reasonably be expected to decline in value).

What you cannot claim

You cannot claim a deduction for the following capital costs – but you can add them to the cost base of the land for capital gains tax purposes (this will reduce your capital gain if you sell the land):

- the cost of wind breaks of permanent materials like rocks and iron that do not have a limited effective life (and can be economically maintained for an indefinite period)
- the initial costs of creating fire breaks.

Other expenses

You can claim a deduction for:

- personal protective items such as goggles, gloves and fire trousers (but not conventional clothing)
- low value capital items that cost up to \$100 each (such as hand tools)
- ongoing fire break maintenance (after the initial fire break is cleared)
- the cost of recharging fire extinguishers.

ATO view

Search ato.gov.au for:

- [Water facilities](#)
- Taxation Determination [TD 92/190](#) *Income tax: is the installation cost of an in-ground swimming pool an allowable deduction to a primary producer if the water is used on occasions for fire fighting purposes?*
- [Guide to depreciating assets 2018](#)
- Taxation Ruling [TR 2003/16](#) *Income tax: deductibility of protective items*

What if you need more information?

If you wish to discuss your circumstances, call the ATO on 13 28 66.

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