

# Instant depreciation for fodder storage assets

**A CHANGE MADE** to depreciation rules last year will not only assist drought-stricken producers now but will support the proactive steps farmers take to prepare for drought.

Since August 2018, farmers have been able to immediately access tax relief on the cost of fodder storage assets rather than depreciating them over three years.

This announcement complements the \$20,000 instant write-off available to small business.

However, unlike the small business write-off, there is no dollar cap on the cost of fodder storage assets that can be instantly depreciated by farmers.

## **What is classified as 'Fodder Storage Asset'?**

A fodder storage asset is an asset that is primarily and principally for the purpose of storing fodder.

A fodder storage asset can be a structural improvement, a repair of a capital nature, or an alteration, addition or extension, to an asset or structural improvement, that is primarily and principally for the purpose of storing fodder.

For a fodder storage asset to satisfy the 'primarily and principally' test, its main purpose must be to store fodder for the primary producer's own livestock.

What is classified as 'Fodder'?

Fodder refers to food for livestock, such as grain, hay or silage. It can include liquid feed and supplements, or any feed that could fit into the ordinary meaning of fodder.

Typical examples of fodder storage assets include silos, liquid feed supplement storage tanks, bins for storing dried grain, hay sheds, grain storage sheds, and above-ground bunkers.

Should you have any further questions, AgForce recommends you speak to your accountant who will be able to provide specific advice for your particular situation and other depreciating asset rules.

