

Security Sales & Integration

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SIA Succeeds in Getting Key Provision Added to Tax Reform Law

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SILVER SPRING, Md. — The newly enacted Tax Cuts and Jobs Act implements tax reform to lower the after-tax cost of security and fire protection systems for small- and medium-sized businesses.

The Security Industry Association ([SIA](#)) led a coalition of industry groups urging negotiators to accept a Senate-backed provision for tax reform to expand deductions under Section 179 of the IRS tax code, which empowers businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. The sweeping tax bill, signed into law Dec. 22, permanently expands eligibility for deductions to fire protection, alarm and security systems, along with other equipment, placed in service in 2018 and beyond.

“Since 2003, SIA has advocated in favor of federal tax code changes allowing businesses to fully expense the cost of implementing safety and security measures during the year in which they incur those costs,” says SIA CEO Don Erickson. “Our efforts finally have culminated in these tax code revisions, which eliminate a significant disincentive to adopting new and effective security and life-safety technology, particularly at a time of rapid advancement for security tech.”

In a further tax reform, the bill also doubled the amount that a business can claim in a tax year under Section 179 to \$1 million, which phases out for businesses with a total of \$2.5 million or more in qualifying expenses, according to SIA. The Joint Committee on Taxation estimated the provision to expand Section 179 specifically will save businesses more than \$4 billion per year for the first five years, and a total of \$25.9 billion by 2027.

The provision to expand Section 179 deductions was originally part of S. 1144, the Investment in New Ventures and Economic Success Today (INVEST) Act, authored by Sen. John Thune, R-S.D., who served on the conference committee to hammer out a final version of the tax overhaul legislation folded into H.R. 1. Under former IRS regulations, security and fire protection systems were excluded from Section 179 deductions, forcing customers to depreciate these costs over the 39-year depreciation life for buildings.

Joining SIA in support of the tax code revisions were the Air-Conditioning, Heating and Refrigeration Institute (AHRI); Electronic Security Association (ESA); Heating, Air-conditioning and Refrigeration Distributors International (HARDI); National Fire Sprinkler Association (NFSA); National Systems Contractors Association (NSCA); Plumbing-Heating-Cooling Contractors National Association (PHCC); Polyisocyanurate Insulation Manufacturers Association (PIMA); EPDM Roofing Association (ERA); and the National Roofing Contractors Association (NRCA).