The desire to maximize marketing opportunities and the increased interest in preserving identity of various grains has created a surge of interest in the construction of on-farm storage. The tax treatment of grain storage facilities varies because all grain storage facilities are not “created equally”.

**Grain bins are designed as single-purpose structures** and are not easily or economically converted to any other use. Other facilities like flat storage can generally be converted to a multi-functional building with minimal expense.

**General-purpose farm buildings and grain bins are depreciable assets.** The former are depreciated over a 20-year cost recovery period, while the latter have a 7-year depreciable life. Annual depreciation amounts associated with grain storage facilities are deducted by a taxpayer involved in the trade or business of farming on Schedule F.

**Additionally, single-purpose grain storage facilities, such as grain bins, qualify for the Section 179 deduction.** Section 179 provides for the election to deduct all or part of the cost of qualifying property placed in service during the year (up to $100,000 in 2004). The Section 179 deduction can be claimed instead of recovering the cost of the property by depreciation deductions. If the cost of qualifying Section 179 property is greater than the amount of the Section 179 deduction claimed, the remaining cost can be depreciated over the appropriate recovery period, i.e. 7 years for grain bins.