


TD 93/D56 - Income tax: is a taxpayer who carries on business as a livesheep exporter carrying on a business of primary production?

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This document has been finalised by TD 93/56.

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Draft Taxation Determination

Income tax: is a taxpayer who carries on business as a livesheep exporter carrying on a business of primary production?

1. No. The business of a 'livesheep exporter' is not a business of 'primary production' as defined in subsection 6(1) of the *Income Tax Assessment Act 1936*.
2. The purchase, transportation, shearing, handling, temporary holding and preparation in feedlots of sheep for export, is not considered to be a business of primary production when conducted by a livesheep exporter, as distinct from a farmer or grazier carrying on traditional farming operations.
3. Any production activity which may occur, is incidental to the operations and insufficient to bring them within the definition of primary production.
4. Even where the operations are conducted on part of a farming property, the business still does not become one of primary production; nor is that part of the property used for the purpose of agricultural or pastoral pursuits.
5. It follows that the special concessions allowable to primary producers are not allowable to 'livesheep exporters'. For example, depreciation on structural improvements under the provisions of paragraph 54(2)(b), section 57AE and section 57AH, and also deductions for certain expenditure associated with land, under the provisions of section 75A, section 75B and section 75D, are not allowable.

Commissioner of Taxation

04/03/93

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 93/D57

Related Rulings:

Subject Ref: livesheep export; primary production

Legislative Ref: ITAA 6(1); ITAA 54(2)(b); ITAA 57AE; ITAA 57AH; ITAA 75A; ITAA 75B; ITAA 75D.

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