


IT 225 - Primary production - agistment income

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TAXATION RULING NO. IT 225

PRIMARY PRODUCTION - AGISTMENT INCOME

F.O.I. EMBARGO: May be released

REF

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
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FACTS

Consideration has been given to whether agistment income forms part of the proceeds of a business of primary production. The question is relevant to the application of those provisions in the Income Tax Assessment Act relating to the averaging of incomes, deductions to primary producers for prior year losses and income equalisation deposits.

RULING

2. Whether or not income is derived from a business of primary production will depend on the facts in each case. As a general proposition, however, it may be stated that where income arises from the use of the assets of a business of primary production and the particular use is a recognised incident of carrying on that sort of business, the income may be regarded as forming part of the proceeds of the business.

3. While there may be some doubt that a general proposition such as this would cover every conceivable situation it would certainly cover the variety of circumstances in which primary producers derive income from the occasional use of the assets of their businesses in the course of carrying on those business. Examples would include:

- (i) the grant of short term agistment rights to other primary producers;
- (ii) short term hiring of plant from one primary producer to another;
- (iii) amounts received for the use of stud stock.

4. On the other hand, however, the general proposition would not extend to a situation where property or a substantial part of a property is used solely for agistment, nor would it include receipts for the use of plant by a primary producer in general contract work.

COMMISSIONER OF TAXATION

