IT 352 - Land levelling expenditure by primary producers

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There is an Addendum notice for this document.

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TAXATION RULING NO. IT 352

LAND LEVELLING EXPENDITURE BY PRIMARY PRODUCERS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1070797	LAND LEVELLING COSTS	75A
	IRRIGATION EXPENSES	75D
	SOIL CONSERVATION	
	PRIMARY PRODUCERS	
	LASER ASSISTED LAND LEVELLING	

PREAMBLE Consideration has been given to the question of deductions available to primary producers for expenditure incurred in irrigation areas on laser assisted land levelling.

RULING 2. When this matter was considered initially it was indicated that expenditure on land levelling incurred by a primary producer in order to improve farm irrigation efficiency would be regarded, in the generality of cases, as being for the preparation of land for agriculture and thus deductible in equal annual instalments over 10 years under section 75A.

3. It was further indicated, however, that levelling costs could qualify for immediate deduction under the provisions of section 75D where the work was undertaken by a primary producer with the object of overcoming salinity or drainage problems on land in an established problem area.

RULING

4. Following a re-examination of this question it has been concluded, on the basis that salinity is a common problem arising from the prolonged use of irrigation, that expenditure on levelling work carried out on irrigation land should be regarded as an integral part of the process of controlling salinity or assisting in drainage control, either in relation to the land or other land "downstream" and is, therefore, allowable under paragraph 75D(1)(f).

COMMISSIONER OF TAXATION