


TD 93/D57 - Income tax: can land on which handling facilities and feedlots are used in a business of livesheep export be regarded as being used for the purposes of agricultural or pastoral pursuits so as to be eligible for the special primary production depreciation concessions in the Income Tax Assessment Act 1936?

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This document has been finalised by TD 93/94.

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Draft Taxation Determination

Income tax: can land on which handling facilities and feedlots are used in a business of livesheep export be regarded as being used for the purposes of agricultural or pastoral pursuits so as to be eligible for the special primary production depreciation concessions in the *Income Tax Assessment Act 1936*?

1. No. The land upon which such facilities and improvements are erected is not used for the purposes of agricultural or pastoral pursuits.
2. The business of a livesheep exporter is not a business of primary production.
3. Even where the operations are conducted on part of a farming property, we consider that the land in question is not used for the purpose of agricultural or pastoral pursuits, notwithstanding that the land had previously been used for such pursuits, i.e. for farming.
4. Livesheep exporters are not as a general rule engaged in normal farming operations, however where their activities are conducted concurrently with such operations, whether or not on the same farming property, the two businesses are to be treated as separate and distinct and the land upon which the structural improvements and facilities are erected regarded as not being land used for the purposes of agricultural and pastoral pursuits.
5. Consequently livesheep exporters do not qualify for the special depreciation concessions normally available to primary producers. For example, depreciation on structural improvements (paragraph 54(2)(b), section 57AE and section 57AH) is not allowable.

Commissioner of Taxation
04/03/93

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 93/D56

Subject Ref: agricultural or pastoral pursuits; livesheep export; primary production

Legislative Ref: ITAA 54(2)(b); ITAA 57AE; ITAA 57AH.

ATO Ref:

ISSN 1038 - 8982