

POTENTIAL TAX BENEFITS FOR FARMERS INSTALLING CULVERTS

Following the rains and recent damage to farms in the North Island, farmers should be aware that there may be helpful tax deductions available to them when installing culverts on their farms as part of repairing land damage or even for certain land improvement activities.

Type of expenditure	Deduction available
The repair of flood or erosion damage to land	In full in year of expenditure Income Tax Act 2007, Sec D0 1
Drainage of swamps or low-lying lands	Usually non-deductible, but farms are allowed a unique tax concession spread over a number of years. Income Tax Act 2007, Schedule 20
Construction of stream diversion channels, or other improvements for the purpose of conserving, conveying water for use on the land, or for preventing or combating soil erosion.	As above
All culverts installed as part of a business activity	Depreciation can be claimed at the applicable rates
Spending by landowners affected by North Island flooding events	Variety of tax provisions available – consult your tax agent

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NOTE: The above is not provided as professional tax advice. We recommend you consult a tax agent when considering any of the above to ensure you are receiving the maximum tax concessions available to you in your industry and circumstances.