



Australian Government
Australian Taxation Office

Primary producers:

Landcare and riparian maintenance – expenses

If you're a primary producer, you can claim deductions for costs you incur to maintain land, riparian (water banks) and similar operations.

Key points

- You may be able to claim a deduction for expenses, including:
 - removing weeds on land used for growing crops or grazing farmland
 - fencing
 - water facilities
 - culverts.
- If an expense is not deductible, you may be able to add it to the cost base of the land for capital gains tax (CGT) purposes. This will reduce your capital gain if you sell the land.
- This information only applies if you are carrying on a primary production business on land in Australia. For example, you can't claim the expenses listed here if you're a hobby farmer.

Landcare operations

Landcare operations help protect and contribute to the conservation and long-term sustainable growth of land used for growing crops or grazing farmland – but is not focused on conserving natural water resources.

A landcare operation is something you do to:

- remove animal pests from the land
- remove or destroy plant growth that is harmful to the land
- prevent or combat degradation to the land (e.g. soil erosion).

It may also include when you:

- build drainage works to control salinity or help control drainage
- build a levee or similar improvement to prevent a river from overflowing
- build a structural improvement reasonably incidental to a levee or drainage works (e.g. a bridge over drainage works)
- complete alterations, extensions or capital repairs to the above.

Riparian maintenance

Riparian maintenance is something you do to stabilise and protect the banks and land next to creeks, streams and other waterways. These works can include:

- fencing
- revegetation
- off-stream stock watering
- weed and pest management.

Revenue and capital costs

Revenue costs are your normal business operating expenses that you can deduct under normal deduction arrangements. Find out more about business tax deductions at ato.gov.au/businessdeductions

Capital costs are costs that provide a lasting benefit (such as the cost of business assets) and are otherwise not usually deductible, but for which you may be able to claim specific deductions.

If you spend money to clear bushland and remove pests and weeds to grow crops, this is a capital expense because it provides the lasting benefit of enabling you to grow crops. Once you use the land to grow crops, future expenses on pest and weed control are revenue expenses because they are normal business operating expenses.

Expenses you can claim

Weed control

- ✔ **You can claim** a deduction for the cost of the following expenses for land used for growing crops or grazing farmland:
 - capital expenses to remove woody weed or other damaging plant growth from your primary production land
 - costs such as pest control and ripping, crushing or filling rabbit warrens and fox dens
 - the cost of fencing to keep animals out of land you are trying to restore
 - the cost of sprinkler systems related to revegetation activities.

You can only claim other revegetation expenses (e.g. plants, planting costs) if the revegetation is to prevent or combat degradation to the land used to grow crops or for grazing land.

Degradation includes:

- soil erosion
- salination
- decline of soil fertility or structure
- degradation to vegetation.

Otherwise, you can add revegetation expenses to the cost base of the land for CGT purposes.

Fencing

- ✔ **You can claim** an immediate deduction for the cost of permanent fencing you install on land you use in a primary production business. This includes for the purposes of landcare operations or riparian maintenance. For more information, visit ato.gov.au/depreciation

Water facilities

- ✔ **You can claim** an immediate deduction for the cost of all water facilities you use in your primary production business, including for the purposes of landcare operations or riparian maintenance.

A water facility is:

- a plant or structural improvement that is for the purpose of conserving or conveying water (e.g. dams, tanks, bores or sprinkler systems)
- a structural improvement that conserves or conveys water (e.g. a culvert or a bridge over an irrigation channel)
- alterations, extensions or capital repairs to the above.

Riparian maintenance

- ✔ **You can claim** riparian maintenance expenses that are for permanent fencing or water facilities. You can also claim expenses that are revenue costs, for example maintenance expenses after initial capital expenses have been incurred.
- ✔ **You can claim** the cost of:
 - fencing to keep livestock out of creeks or other waterways that run through your farmland
 - off-point water supply installations, including pumps, pipes and other components to get water into a trough from a waterway
 - sprinkler systems for riparian revegetation activities
 - culverts.
- ✔ **You can claim** a decline in value (depreciation) deduction for the cost of tracks and bridges across natural waterways based on their effective life.
- ✔ **You can claim** the capital costs of riparian maintenance works as a landcare operation if the purpose of the works is to protect or preserve land used for growing crops or grazing farmland (rather than to protect or preserve the waterway).
- ✘ **You can't claim** a deduction for the following capital costs for riparian maintenance – but you can add them to the cost base of the land for CGT purposes:
 - site preparation costs, including initial weed, pest and willow removal
 - plants, planting and replanting costs
 - consultant advice costs.

Quick guide: Landcare expenses

Expense	If it's a revenue cost (e.g. repairs, maintenance, recurring business expenses)	If it's a capital cost (e.g. one-off or initial expenditure, cost of business assets)
Revegetation to combat land degradation to productive farmland	Not applicable	Deductible
Sprinkler systems for revegetation activities	Deductible	Deductible
Weed and pest control	Deductible	Deductible
Fences	Deductible	Deductible
Drainage works and levee construction	Not applicable	Deductible
Related structural improvements to a levee or drainage works (such as a bridge over drainage works)	Not applicable	Deductible

Quick guide: Riparian maintenance expenses

Expense	If it's a revenue cost (e.g. repairs, maintenance, recurring business expenses)	If it's a capital cost (e.g. one-off or initial expenditure, cost of business assets)
Site preparation costs, including initial weed and pest removal	Not applicable	Add to CGT cost base
Willow removal	Not applicable	Add to CGT cost base
Ongoing weed and pest control	Deductible	Not applicable
Fences	Deductible	Deductible
Revegetation activities	Not applicable	Add to CGT cost base
Sprinkler systems for revegetation activities	Deductible	Deductible
Building costs of tracks and bridges across natural waterways	Not applicable	Depreciate based on effective life
Off-point water supply installations	Deductible	Deductible
Culverts	Deductible	Deductible
Consultant advice costs	Not applicable	Add to CGT cost base



This is a general summary only.

For more information, visit ato.gov.au/primaryproducers and ato.gov.au/landcare or speak to a registered tax professional.

