



Rural Tax Issues

Presented by

Tony Marshall & Jim Gordon

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Introduction

The primary focus of the Rural Tax Issues Seminar will be on the proposed changes to the livestock valuation rules, as mooted by the Inland Revenue Department in the officials' issues paper released on 18 August 2011.

As such, the Seminar will undertake a high level overview of livestock valuation in general before it focuses on the methods available for specified livestock. Some areas of contention will be discussed, in particular the valuation of dogs and working horses. We will then focus on the proposed changes to the Herd Scheme elections as set out in the officials' issues paper. This will provide an opportunity for practitioners to discuss the proposals and have a part in shaping the future legislation in this area. This part of the Seminar will be lead by Jim Gordon, FCA, who has been involved in rural tax policy with the Inland Revenue Department since 1986. Jim has been heavily involved in the drafting of the officials' issues paper and, therefore, has an intimate understanding of the livestock valuation rules.

The remainder of the seminar will focus on current rural tax issues, including the following:

- a brief summary of the tax consequences in relation to the Emissions Trading Scheme for forestry owners and the agricultural sector;
- The Inland Revenue Department's areas of focus in relation to primary sector tax audits and the issues arising out of these;
- The capital/revenue distinction with respect to farm expenditure;
- Potential issues with respect to consumable aids;
- Is a deduction allowed for conservation expenditure?;
- Corporatisation – Pro's and Con's.

Not all of these topics are covered in the course book. The course book is designed to be the building blocks upon which discussion will be based. As such, we encourage attendees to come prepared with specific questions that they have in relation to the topics being covered.

For the sake of clarity, all statutory references are to the Income Tax Act 2007, unless otherwise stated.

With any area of law, there may be a variety of views in application of the statutory provisions. The views expressed in this course booklet and during the course itself are our views as they stand in September 2011. Others may hold a different view. Subsequent events, such as new Court decisions, legislative changes, or Inland Revenue Department statements, may lead us to review our conclusions. In relation to content presented by Jim Gordon, he will make it clear whether his content are Inland Revenue Department views or personal views during the course of the presentation. For the purposes of this book, any opinion presented in Chapters 1, 3, 4, and 5 is that of Tony Marshall.

Tony Marshall & Jim Gordon

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