

**EXPOSURE DRAFT - FOR COMMENT AND DISCUSSION ONLY | HUKIHUKI  
HURANGA - MŌ TE TĀKUPU ME TE MATAPAKI ANAKE**

Deadline for comment | Aukatinga mō te tākupu: **28 September 2023**

Please quote reference | Whakahuatia te tohutoro: **ED00249**

Send feedback to | Tukuna mai ngā whakahokinga kōrero ki  
[public.consultation@ird.govt.nz](mailto:public.consultation@ird.govt.nz)

**DETERMINATION** > MISCELLANEOUS

# Amortisation Rates for Listed Horticultural Plants

Issued: XX XXXXX

**ED00249**

## Application

This Determination sets out the amortisation rates (based on diminishing values) for listed horticultural plants as determined by the Commissioner of Inland Revenue and listed in the schedule to this Determination. The Determination is made under section 91AAB of the Tax Administration Act 1994.

The Determination applies from the 1 April 2023 and subsequent income years. Its application may be supplemented or changed by supplementary Determinations pursuant to subsection 91AAB(4) of the Tax Administration Act 1994.

### REPLACES | WHAKAKAPIA

- **DET 05/01:** Amortisation rates for listed horticultural plants (May 05)



## Discussion

In this Determination, unless the context otherwise requires, expressions used have the same meanings as those in ss DO 5 to DO 9, YA 1, schedule 20 of the Income Tax Act 2007 and s 91AAB of the Tax Administration Act 1994 in respect of an income year starting on or after 1 April 2023 and subsequent income years.

## Determination

Under section 91AAB of the Tax Administration Act 1994:

- (a) for the purposes of section 91AAB(1)(a), the types of horticultural plant, tree, vine, bush, cane, or similar plant, as set out in the schedule to this Determination, shall be listed horticultural plants; and
- (b) for the purposes of section 91AAB(1)(b), for the 2023 income year and subsequent income years, a banded rate set out in Schedule 12, column 1 of the Income Tax Act 2007 is to be used to calculate the diminishing value for each type of listed horticultural plant shall be at the election of the taxpayer either:
  - (i) the amortisation rates as set out in column 2 of the schedule to this Determination; or
  - (ii) 10%.



## Schedule to Determination DET XX/XX

### Amortisation rates for listed horticultural plants

| Column 1                   | Column 2                                | Column 3   |
|----------------------------|---|--|
| Listed horticultural plant | Diminishing value amortisation rate (%) | Estimated useful life of horticultural plant (years) |
| <b><i>Berry fruit</i></b>  |   |  |
| Blueberry                  | 12                                      | 13   |
| Blackcurrant               | 18                                      | 8  |
|                            |   |  |
| <b><i>Rubus</i></b>        |   |  |
| Raspberry                  | 26                                      | 5  |
| Blackberry                 | 15                                      | 10   |
| Boysenberry                | 15                                      | 10   |
| Loganberry                 | 15                                      | 10   |
| Other Rubus                | 15                                      | 10   |
| <b><i>Citrus</i></b>       |   |  |



|               |     |    |
|---------------|-----|----|
| Grapefruit    | 7.5 | 18 |
| Lemon         | 7.5 | 20 |
| Lime          | 7.5 | 20 |
| Mandarin      | 6   | 25 |
| Orange        | 6   | 25 |
| Tangelo       | 6   | 25 |
|               |     |    |
| <b>Grapes</b> |     |    |
| Table grapes  | 7.5 | 20 |
|               |     |    |
| <b>Nuts</b>   |     |    |
| Chestnut      | 7.5 | 20 |
| Hazelnut      | 6   | 26 |
| Walnut        | 4   | 30 |

| <b>Column 1</b>                   | <b>Column 2</b>                                | <b>Column 3</b>   |
|-----------------------------------|--|---|
| <b>Listed horticultural plant</b> | <b>Diminishing value amortisation rate (%)</b> | <b>Estimated useful life of horticultural plant (years)</b> |
| <b><i>Pip fruit</i></b>           |  |   |
| Apple                             | 9.5  | 15  |
| European pear                     | 7.5  | 20  |
| Nashi Asian pear                  | 9.5  | 15  |
|                                   |  |   |
| <b><i>Summer fruit</i></b>        |  |   |
| Apricot                           | 9.5  | 15  |
| Cherry                            | 7.5  | 20  |
| Plum                              | 9.5  | 15  |
| Nectarine                         | 12   | 12  |
| Peach                             | 12   | 12  |
|                                   |  |   |
| <b><i>Vegetables</i></b>          |  |   |

|   |     |    |
|---|-----|----|
| Asparagus   | 22  | 6  |
| <b>Other</b>  |     |    |
| Avocado   | 7.5 | 20 |
| Feijoa  | 7.5 | 18 |
| Hop   | 15  | 10 |
| Kiwifruit   | 7.5 | 20 |
| Olives  |     |    |
| <ul style="list-style-type: none"> <li>• &lt; 500 trees per hectare</li> </ul>                    | 7.5 | 20 |
| <ul style="list-style-type: none"> <li>• &gt; 500 trees per hectare (typically hedges)</li> </ul> | 9.5 | 15 |
| Passionfruit  | 33  | 4  |
| Persimmon   | 6   | 25 |
| Tamarillo   | 33  | 4  |

# COMMENTARY ON DETERMINATION DET XX/XX

## Introduction

This commentary does not form part of the Determination. It is intended to help in the understanding and application of the Determination.

This Determination sets out the diminishing value amortisation rates (depreciation like deductions) that the Commissioner has determined for each horticultural plant that is listed in the schedule to this Determination.

A 10% amortisation rate applies to most other horticultural plants that are not included in the schedule to this Determination.

## Estimated useful life

The main element the Commissioner has considered to establish the amortisation rate for each listed horticultural plant is its estimated useful life. Where appropriate, the following have been considered in arriving at the amortisation rates of listed horticultural plants.

- The main purpose for which a listed horticultural plant has been cultivated; and
- The way a listed horticultural plant is cultivated and managed.

The estimated useful life of a listed horticultural plant commences on the day of planting and continues until the plant might reasonably be expected to cease to be useful to a person in deriving income or carrying on a horticultural business.

The main factor that has been considered in calculating the estimated useful life of a listed horticultural plant is that it has passed its commercial "use-by" date. This, in essence, is due to the plant's age and the fact that it can no longer deliver an economic crop.

Other factors that have a significant impact on the estimated useful life of a listed horticultural plant have been considered. This includes such things as natural and incidental damage, decay, disease, and exhaustion.

Inland Revenue has not considered any element where a specific deduction is provided for in the legislation. This includes replacement plantings, or where a listed horticultural plant has ceased to exist or be used to derive income.

Crop management techniques, such as regeneration, topworking and reworking where trees are potentially cut back to their stumps, have also been considered in determining the estimated useful life of listed horticultural plants. Where the process of topworking or reworking involves grafting a new variety on to the old root system, it is considered that a new plant has been established.

The estimated useful life of each listed horticultural plant has been established by Inland Revenue following extensive consultation with grower organisations and industry experts.

### **Amortisation rates**

The process adopted in arriving at the amortisation rates of listed horticultural plants commenced with the establishment of an appropriate estimated useful life for each listed plant. This data is then translated into a comparable band for setting a diminishing value depreciation rate, as provided in column 1 of Schedule 12.

The amortisation rates listed in the schedule to this Determination have been established for the widest possible application. Where the estimated useful lives of the various species of a plant variety do not materially differ, only one amortisation rate has been established for that variety.

### **Additions of new amortisation rates/changes to existing amortisation rates**

Where a horticultural plant has not been determined by the Commissioner as a listed horticultural plant, taxpayers may apply in writing to the Commissioner for a specific horticultural plant or category of horticultural plants to be so determined.



Changes may be made to the Determination from time to time by the Commissioner on receipt of written applications from grower organisations. Changes may include adding further horticultural plants to those already listed, adjusting the estimated useful life of a horticultural plant, or removing a plant that is no longer commercially grown. Changes may be effective for the current or future income years. They will not apply to previous income years.

Changes to this Determination will be made by the Commissioner issuing supplementary Determinations under subsection 91AAB(4) of the Tax Administration Act 1994.

Applications for changes must include the following information:

- The nature of the change to the Determination being sought. This may be a new amortisation rate, change an existing amortisation rate or remove an existing amortisation rate.
- Applicant's details. This includes full name, IRD number (if applicable), address, contact details i.e. email address or phone number and the contact person for enquiries.
- Horticultural plant information. This includes:
  - (a) Description of the horticultural plant;
  - (b) the income year the change is requested to apply from (changes may be effective for the current or future income years), they will not be made to previous income years;
  - (c) the reasons for the request to change the Determination (adding further horticultural plants to those already listed, adjusting the estimated useful life of a horticultural plant due to a change, or removing a plant that is no longer commercially grown);
  - (d) the organisation's detailed assessment of the plant's estimated useful life (this is to include any evidence to support that assessment);
  - (e) A detailed assessment by an independent industry expert of the plant's estimated useful life (this is to include any evidence to support that assessment).

The application process for a horticultural plant to be determined as a listed horticultural plant or to change the amortisation rate for an existing listed horticultural plant is summarised in the flowchart attached as appendix "A".

Applications for changes to the Determination should be sent to:

By email to: [TechnicalStandards@ird.govt.nz](mailto:TechnicalStandards@ird.govt.nz) ; or

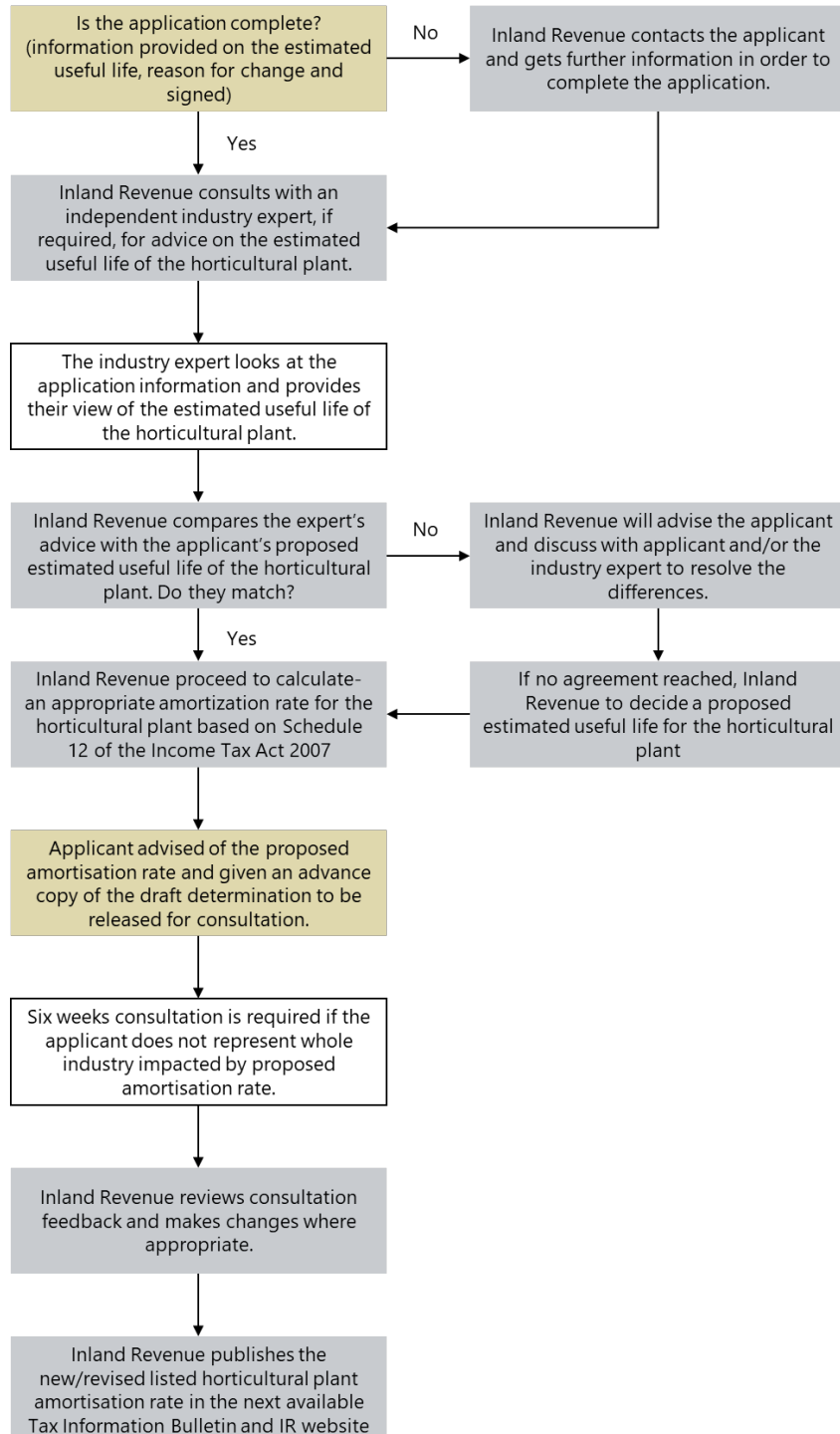
By post to: The Technical Lead  
Technical Standards – Legal Services  
Inland Revenue  
P O Box 2198  
WELLINGTON

In considering applications for change to the listed horticultural plant Determination, the Commissioner will continue to consult with relevant grower organisations and industry experts.

The Commissioner will discuss any change that is to be made to the listed horticultural plant Determination with the applicant before it is finalised.

## Appendix A

Application received to add a horticultural plant to the amortization determination list or to change the amortization rate for a listed horticultural plant process



## Outline of the horticulture amortisation application process

1. Is the application complete? (information provided on the estimated useful life, reason for change and signed)
  1. **If No**, Forward to 2.
  2. **If Yes**, Forward to 3.
2. Inland Revenue contacts the applicant and gets further information in order to complete the application.
  1. Forward to 3.
3. Inland Revenue consults with an independent industry expert, if required, for advice on the estimated useful life of the horticultural plant
  1. Forward to 4.
4. The industry expert looks at the application information and provides their view of the estimated useful life of the horticultural plant.
  1. Forward to 5.
5. Inland Revenue compares the expert's advice with the applicant's proposed estimated useful life of the horticultural plant. Do they match?
  1. **If No**, Forward to 6.
  2. **If Yes**, Forward to 7.
6. Inland Revenue will advise the applicant and discuss with applicant and/or the industry expert to resolve the differences.
  1. Forward to 8.
7. Inland Revenue proceed to calculate an appropriate amortization rate for the horticultural plant based on Schedule 12 of the Income Tax Act 2007.
  1. Forward to 9.
8. If no agreement reached, Inland Revenue to decide a proposed estimated useful life for the horticultural plant.
  1. Forward to 7.
9. Applicant advised of the proposed amortisation rate and given an advance copy of the draft determination to be released for consultation.
  1. Forward to 10.
10. Six weeks consultation is required if the applicant does not represent whole industry impacted by proposed amortisation rate.
  1. Forward to 11.
11. Inland Revenue reviews consultation feedback and makes changes where appropriate.
  1. Forward to 12.
12. Inland Revenue publishes the new/revised listed horticultural plant amortisation rate in the next available Tax Information Bulletin and IR website.