



EXPOSURE DRAFT - FOR COMMENT AND DISCUSSION ONLY

Deadline for comment: **29 February 2024**

Please quote reference: **ED00250**

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DETERMINATION > DEPRECIATION > GENERAL

Tax Depreciation Rate for horticulture LED grow light systems

Issued: DD MM YYYY

DEP250

This determination sets a depreciation rate for horticulture LED grow light systems used for indoor farming operations.

Note to Determination DEP250:

The Commissioner has been asked to consider a depreciation rate for horticulture LED grow light systems, for use by indoor farm operations.

Horticulture LED grow light systems are a lighting solution designed exclusively for agricultural purposes. The Horticulture grow light system incorporates advanced LED technology and has been proven to significantly enhance the growth rate of plants, for example strawberries. This asset is designed for use in indoor horticultural operations, to enable year-round cultivation of plant crops independent of seasonal limitations.

Determination DEPXXX: Tax Depreciation Rates

General Determination Number XXX

This determination may be cited as “Determination DEPXXX Tax Depreciation Rates General Determination Number DEPXXX: Horticulture LED grow light systems for use in indoor farming operations.

Application

This determination applies to taxpayers who own items of depreciable property of the kind listed in the table below:

This determination applies for the 2023 and subsequent income years.

Determination

Pursuant to section 91AAF of the Tax Administration Act 1994, the general determination will apply to the kind of items of depreciable property listed in the table below by:

Adding into the “Agriculture, horticulture and aquaculture” industry category, the estimated useful life, and general diminishing value and straight-line depreciation rates for the asset class listed below:

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
Horticulture LED grow light systems	5	40	30

Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994.