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Deductions and offsets for capital expenditure

Primary producers and other landholders can claim specific deductions for certain capital expenditure.

Find out about:

- [Electricity and phone connections](#)
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- [Shelterbelts](#)

Electricity and phone connections

You can claim a deduction in equal instalments over 10 years for capital expenditure incurred:

- connecting mains electricity or upgrading an existing connection to land on which you conduct a business
- on a telephone line on, or extending to, land on which you conduct a primary production business.

The capital expenditure may be incurred on a depreciating asset using simplified depreciation rules or the uniform capital allowance system (UCA). These deductions are not available to a partnership.

See also:

- [Guide to depreciating assets \(/GuideToDepreciatingAssets-redirect\)](#)

Landcare

You can claim a deduction for capital expenditure you incur on a landcare operation in Australia, if you are a:

- primary producer
- business using rural land, except for mining or quarrying
- rural land irrigation water provider.

You may claim the deduction even if you are only a lessee of the land.

See also:

- [Landcare operations \(/Business/Primary-producers/In-detail/Capital-expenditure/Landcare-operations/\)](#)
- [Carbon sink forests \(/business/income-and-deductions-for-business/in-detail/carbon-sink-forests/\)](#)

Shelterbelts

A shelterbelt is a line of trees or shrubs planted to protect an area from fierce weather.

Shelterbelts can be used to:

- protect crops and livestock

- improve biodiversity
- prevent or fight land degradation – for example, soil erosion or degradation of vegetation.

When you can claim a deduction

If you establish a shelterbelt on land on which you conduct a primary production business, you can claim:

- an immediate deduction for any costs for new fencing and reticulation (such as, pipes, fittings, sprinklers, pumps and bores)
- a deduction for the costs of site preparation, chemicals and trees – if the shelterbelt is established mainly to prevent or fight land degradation.

If you recoup any of the expenditure that you can claim as a deduction (for example, under a government assistance program), include that amount in your assessable income.

When you can't claim a deduction

You can't claim a deduction for:

- a shelterbelt created for a private purpose, such as to protect a home
- site preparation or tree planting costs if the shelterbelt is not established mainly to prevent or fight land degradation. The trees are not considered depreciating assets.

You need to include these costs as part of the cost base of the land for capital gains tax purposes.

See also:

- [What is the cost base? \(/General/Capital-gains-tax/Working-out-your-capital-gain-or-loss/Cost-base/\)](#)
- [Landcare operations \(/Business/Primary-producers/In-detail/Capital-expenditure/Landcare-operations/\)](#)

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