Agriculture in South Africa

- Agriculture represents approximately 2.5% of GDP.
- In the USA, this figure is around 1% of GDP.
- Employed about 4.6% of the South African labour force and therefore labour-intensive when compared to other industries.
- Important as a food provider and ensuring self-sufficiency.

Taxation of Farming Operations

- Diesel refunds
- Special income tax provisions
- Assessed losses (natural persons)
- Farm workers: minimum wage

Farming Operations

- Special VAT category for farmers
- Zero-rated input costs
- Zero-rating of agricultural produce

Special VAT category for farmers

- Category D
- Six-month periods ending in August and February
- Restricted to vendors that only carry on farming activities
- Taxable supplies do not exceed/not likely to exceed R1.5 million in 12-month period.

Goods used or consumed for agricultural, pastoral or other farming purposes

The supply of such goods used or consumed for agricultural, pastoral or other farming purposes as are set forth in Part A of Schedule 2, provided such supply is made in compliance with such conditions as may be prescribed in the said Part.
**Goods that qualify for 0%**

- Animal feed
- Animal remedy
- Fertilizer
- Pesticide
- Plants
- Seed

**Requirements**

- The Commissioner, in respect of a vendor registered under this Act, is satisfied that that vendor, being the recipient of any such goods, carries on agricultural, pastoral or other farming operations and has issued to him a notice of registration in which authorization is granted whereby the goods concerned may be supplied to him at the rate of zero per cent;
- the goods concerned are supplied to a vendor who is in possession of a valid notice of registration as a vendor and an authorization contemplated in paragraph (a);
- a tax invoice in respect of the relevant supply is issued containing such particulars as required by section 20(4) of this Act;
- the acquisition, disposal, sale or use of the said goods is not prohibited in terms of section 7bis of the Fertilizers, Farm Feed, Agricultural Remedies and Stock Remedies Act, 1947.

**Future of this zero-rating?**

Proposed amendment: Para. (g) to be deleted by s. 96 (1) (a) of Act No. 43 of 2014 with effect from a date determined by the Minister by notice in the Gazette which notice may not be published earlier than 12 months after the promulgation of that Act – date not determined.

**Zero-rated agricultural produce**

Section 11(1)(j)

The goods consist of such foodstuffs as are set forth in Part B of Schedule 2, but subject to such conditions as may be prescribed in the said Part.

- Maize meal graded as super maize meal, special maize meal, sifted maize meal or unsifted maize meal, not further processed other than by the addition of minerals and vitamins not exceeding one per cent by mass of the final product, solely for the purpose of increasing the nutritional value.
- Samp, not further prepared or processed.
- Mealie rice, not further prepared or processed.
- Dried silo screened mealies or dried mealies not further prepared or processed or packaged as seed, but excluding pop corn (zaa mays everta).
- Dried beans, whole, split, crushed or in powder form but not further prepared or processed or where packaged as seed.

- Lentils, dried, whole, skinned or split.
- Pilchards or sardinella supplied in tins or cans consisting mainly of such products regardless of whether flavoured, seasoned or preserved in oil, but excluding such products as are supplied as pet food or sardines supplied in tins or cans.
- Dairy powder blend.
- Rice, whether husked, milled, polished, glazed, parboiled or broken.
Zero-rated agricultural produce

- Vegetables, not cooked or treated in any manner except for the purpose of preserving such vegetables in their natural state, but excluding dehydrated, dried, canned or bottled vegetables or such vegetables as are described under separate items in this PART.

- Fruit, not cooked or treated in any manner except for the purpose of preserving such fruit in its natural state, but excluding dehydrated, dried, canned or bottled fruit and nuts.

- Milk, including high-fat, full-fat, low-fat or fat-free milk, being the milk of cattle, sheep or goats that has not been concentrated, condensed, evaporated, sweetened, flavoured, cultured or subjected to any other process other than homogenization or preservation by pasteurization, ultra-high temperature treatment, sterilization, chilling or freezing or the addition of minerals, vitamins, enzymes and other similar additives not exceeding one per cent by volume of the final product, solely for the purpose of increasing the nutritional value.

- Eggs, being raw eggs laid by hens of the species gallus domesticus, whether supplied in their shells or in the form of egg pulp consisting of the yolk and white which is obtained from such eggs after the shells have been removed.

- Edible legumes and pulse of leguminous plants, dried, whole, split, crushed, skinned or in powder form, but not further prepared or processed or where packaged as seed or such pulse as are described under separate items in this PART.

Diesel refunds

- On-land farming is an eligible activity that qualifies for a refund of part of the general fuel levy and the Road Accident Fund levy imposed on distillate fuel (diesel) in terms of the Customs and Excise Act.

- The diesel must be purchased by the user for use and used as fuel for own primary production activities in farming (see next slide)

Current extent of the rebate

- R3.218 per litre on 80% of total eligible purchases.

- Eligible purchases means diesel purchased and used for activities on previous slide.

- Claimed on the VAT201 return.
Logbook requirements

- "Logbooks" means systematic written tabulated statements with columns in which are regularly entered periodic (hourly, daily, weekly or monthly) records of all activities and occurrences that impact on the validity of refund claims.
- Logbooks should indicate a full audit trail of distillate fuel for which refunds are claimed, from purchase to use thereof.
- Storage logbooks should reflect details of distillate fuel purchased, source thereof, how dispersed/disposed and purpose of disposal.
- Logbooks on distillate fuel use should contain details on source of fuel, date, place and purpose of utilisation, equipment fuelled, eligible or non-eligible operations performed and records of fuel consumed by any such machine, vehicle, device, or system. Logbook entries must be substantiated by the required source documentation and appropriate additional information that include manufacture specification of equipment, particulars of operator, intensity of use (e.g. distance, duration, route, speed, rate) and other incidents, facts and observations relevant to the measurement of eligible diesel use.

Case study 1

- Mr Brown is a diary farmer and registered VAT vendor.
- During the two month VAT period ended August 2018, he earned R200 000 from the sale of milk.
- He purchased 10 diary cows at a total cost of R115 000.
- He also purchased animal feed to the amount of R30 000 and packaging materials to the amount of R23 000.
- He purchased 800 litres of diesel for R11 240 of which 650 litres were used for eligible farming activities.
- All amounts include VAT where applicable.
- Calculate the VAT payable or refundable for the applicable VAT period.
- Calculate the diesel refund for the applicable VAT period.

Solution

<table>
<thead>
<tr>
<th>OUTPUT TAX</th>
<th>VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of milk = zero rated</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INPUT TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 cows R115 000 x 15/115</td>
</tr>
<tr>
<td>Feed = zero rated</td>
</tr>
<tr>
<td>Packaging materials R23 000 x 15/115</td>
</tr>
<tr>
<td>Diesel = zero rated</td>
</tr>
<tr>
<td>VAT REFUNDABLE</td>
</tr>
</tbody>
</table>

Solution

<table>
<thead>
<tr>
<th>DIESEL REFUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible purchases = 650 litres</td>
</tr>
<tr>
<td>Refund may be claimed on 80% x 650 = 520 litres x R3.218 = 1 673.36</td>
</tr>
</tbody>
</table>

Farming Special Income Tax Provisions

First Schedule

- The taxable income of any person carrying on pastoral, agricultural or other farming operations shall, in so far as it is derived from such operations, be determined in accordance with the provisions of this Act but subject to the provisions of the First Schedule.

Determination of taxable income derived from farming

Section 26(1)
Meaning of “farming operations”

- In order to access the provisions of the First Schedule, the taxpayer must derive taxable income from pastoral, agricultural or other farming operations.
- The Income Tax Act does not define this concept.

The taxpayer was a medical specialist and resident on a 30 hectare smallholding situated 18 km from the city centre where he carried on his medical practice.

Experienced problems (soil deficiencies, availability of Jersey bulls, construction or road through property).

Decided to apply for subdivision of property into two morgen lots.

Did not have stock purchases and did not develop property for a number of years.

Sought to deduct farming losses which was disallowed by the Commissioner. The taxpayer appealed to the Tax Court.

It seems to me that before a person can be said to carry on farming operations there must be a genuine intention to farm, coupled with a reasonable prospect that an ultimate profit will be derived, thereby incorporating an objective element into the test.

In all the circumstances the indications are that in 1976 and 1977 the appellant, despite his ipse dixit to the contrary, had no genuine intention of farming and was, at best, merely marking time until he could subdivide and dispose of the bulk of his property.

The appellant has not shown that he had reasonable prospects of ultimately deriving a farming profit from the property.

In all the circumstances the appellant has not persuaded us that he carried out, over the relevant period, farming operations as envisaged by the Act.

Income will not automatically become income derived from farming operations merely because it flows from the product of a farm.

Although water, gravel and minerals found on a farm could be regarded as a “product of the farm”, its sale will not be regarded as “income from farming operations”.

The words ‘farming operations’ encompass only activities connected with what a farmer wins from his land. He need not be the owner of the land but must enjoy a right to it and its yield. Only then is he a farmer for the purposes of the First Schedule.

A person who lets a farm and in return receives a cash rental is clearly not carrying on a farming operation. The rental is not derived from farming operations but from the ownership of the land (ITC 166).

Every farmer shall include in his return rendered for income tax purposes the value of all livestock or produce held and not disposed of by him at the beginning and at the end of each year of assessment.

Value of closing stock at the end of the prior year

Market value of livestock or produce acquired by such farmer during the current year of assessment otherwise than by purchase or natural increase or in the ordinary course of farming operations

Market value of livestock or produce held by such farmer during such year of assessment commenced to hold for purposes of farming operations
Nature of livestock and produce

- All livestock and produce are treated as floating capital (asset that is revenue in nature and therefore not capital in nature).
- Animals acquired for breeding or to yield milk are therefore also treated as trading stock (floating capital).

Consumable stores

- Par 3 only applies to produce and livestock.
- Section 22 (ordinary trading stock provision) does not apply to farmers.
- Therefore consumable stores such as feed, fertiliser, spare parts etc. need not be included.
- Only produce that has been gathered and is marketable need be included in the return. Therefore growing crops and wool on the sheep’s back is not included.

Valuation of livestock

Par 5

- Livestock is included at year-end at STANDARD VALUE.
- Determined by regulation or amount fixed by farmer (may not vary by more than 20%).

Valuation of produce

Par 9

- The value to be placed upon closing stock of produce included in any return is a fair and reasonable value of the produce.
- In practice, SARS requires that produce be valued at the lower of its average cost of production or market value.

Purchases of livestock

- Cost deductible in terms of section 11(a).
Livestock ring-fencing provision
Par 8

Since purchases are deductible at cost and farmers are only required to include closing stock at standard value (much lower), livestock purchases can create substantial losses.

Par 8 limits the purchases deduction in a particular year of assessment.

The section 11(a) deduction for livestock purchases is limited to the following:

- Farming income
- Closing stock at standard value
- Opening stock at par 4 value (usually standard value)

A FURTHER deduction is available if there is a reduction in the market value of closing stock:

- Disallowed deduction
- Opening stock at par 4 value (usually standard value)
- Closing stock at market value

An amount that is disallowed under this provision is carried forward and deemed to be expenditure incurred by the farmer on the acquisition of livestock during the next year of assessment (par 8(2)).

Case study 2
10 minutes

- Mr McDonald is a cattle farmer.
- He had the following livestock on hand at the beginning of the tax year:
  - Bulls 15
  - Cows 300
- He bought a further 150 cows during the year at a cost of R110 000.
- At year-end, he had the following livestock on hand:
  - Bulls 15
  - Cows 450
  - Calves 300
- His income from farming operations amounted to R70 000 for the year.
- The market value of livestock was R5 million at year-end.
- Calculate the section 11(a) deduction for purchases of livestock.

Solution

Expenditure incurred = R110 000 and is limited to:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming income</td>
<td>70 600</td>
<td></td>
</tr>
<tr>
<td>Add: closing stock at standard value</td>
<td>19 950</td>
<td></td>
</tr>
<tr>
<td>Bulls</td>
<td>15 x 50</td>
<td>750</td>
</tr>
<tr>
<td>Cows</td>
<td>450 x 40</td>
<td>18 000</td>
</tr>
<tr>
<td>Calves</td>
<td>300 x 4</td>
<td>1 200</td>
</tr>
<tr>
<td>Less: opening stock deduction</td>
<td>(12 700)</td>
<td></td>
</tr>
<tr>
<td>Bulls</td>
<td>15 x 50</td>
<td>750</td>
</tr>
<tr>
<td>Cows</td>
<td>300 x 40</td>
<td>12 000</td>
</tr>
<tr>
<td>Calves</td>
<td>0 x 4</td>
<td>0</td>
</tr>
</tbody>
</table>

DEDUCTION IS LIMITED TO 77 200
Excess of R32 800 is carried forward and is deemed to be purchases in the subsequent year.

A recoupment arises if during a particular year of assessment livestock or produce has been:
- applied by the farmer for his private or domestic use or consumption
- removed by the farmer from South Africa for purposes other than producing income from sources within South Africa
- donated
- disposed of, other than in the ordinary course of his farming operations, for a consideration less than market value
- distributed as a dividend in specie to a holder of a share in such a company, or
- applied for a purpose other than disposal in the ordinary course of his farming operations and under circumstances other than those referred to above.

The excess will be deemed to be expenditure incurred on items (c) to (i) in the following year of assessment.

The amount carried forward must first be reduced in the following year by recoupments on movable assets arising in that year. Any balance will be taken into account as expenditure in the following year.

When a farmer ceases farming operations and owns property on which development expenditure was carried out, he will be allowed to add any amount of development expenditure not yet deducted to the property’s base cost for CGT purposes.

The excess will be deemed to be expenditure incurred on items (c) to (i) in the following year of assessment.

The amount carried forward must first be reduced in the following year by recoupments on movable assets arising in that year. Any balance will be taken into account as expenditure in the following year.

When a farmer ceases farming operations and owns property on which development expenditure was carried out, he will be allowed to add any amount of development expenditure not yet deducted to the property’s base cost for CGT purposes.
Recoupment of development expenditure

- When a farmer disposes of a movable asset for which a capital development expenditure deduction has been allowed (par 12(1)), he must include the amount derived in his income. This recoupment will be limited to the expenditure allowed on the movable asset (par 12(1B)(a)).

- If a farmer has a recoupment of development expenditure, the recoupment will first be set off against any excess development expenditure carried forward from a previous year of assessment.

50:30:20 capital allowance
Section 12B

- Year 1: 50%
- Year 2: 30%
- Year 3: 20%

- Machinery, implements, utensils or articles (but not livestock), including improvements to such assets
- Owned by the farmer or acquired under an instalment credit agreement
- Brought into use for the first time by him in the carrying on of farming operations
- EXCLUDING buildings, motor vehicle whose sole or primary function is the conveyance of persons, a caravan, an aircraft (other than an aircraft used solely or mainly for crop spraying) or office furniture or equipment.

50:20:20 capital allowance
Section 12B

The 'cost' of the asset for the purposes of s 12B(3) is the lesser of:

- the actual cost to the taxpayer, or
- the cost under a cash transaction concluded at arm's length on the date on which the transaction for its acquisition was in fact concluded,

plus the direct cost of its installation or erection.

Case study 3
10 minutes

Mrs Southworth is a pecan nut farmer.
- During the 2019 year of assessment, she sold 3 tons of pecan nuts at R60 000 per ton.
- She purchased a Toyota Hilux bakkie for R300 000 for use in farming operations.
- She incurred R400 000 in respect of the planting of further pecan nut trees.

Calculate her taxable income for the 2019 year of assessment. Ignore VAT.

Solution

MRS SOUTHWORTH TAXABLE INCOME 2019

<table>
<thead>
<tr>
<th>GROSS INCOME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales 3 x R60 000</td>
<td>180 000</td>
</tr>
</tbody>
</table>

| DEDUCTIONS |
| Section 12B allowance R300 000 x 50% | (150 000) |
| **SUBTOTAL BEFORE DEVELOPMENT EXPENDITURE** | 30 000 |
| Pecan trees (par 12(l)(g)) (R40 000 limited to R30 000) | (30 000) |
| **TAXABLE INCOME** | - |

**Excess development expenditure of R370 000 carried forward to next year**

Drought, stock disease, damage to grazing by fire or plague or livestock reduction scheme

Par 13

For paragraph 13 to apply, a farmer must have in any year of assessment sold livestock
- on account of drought, stock disease or damage to grazing by fire or plague and has within four years after the close of that year of assessment purchased livestock to replace the livestock sold, or
- by reason of his participation in a government livestock reduction scheme and has within nine years after the close of that year of assessment purchased livestock to replace the livestock sold.
Drought, stock disease, damage to grazing by fire or plague or livestock reduction scheme

Par 13

In such case, the farmer has the option to elect, when replacing the livestock sold to deduct the cost of purchasing the replacement livestock from the income

- for the year in which he originally disposed of his livestock
- or
- in the year when he replaces the livestock.

Drought: proceeds deposited in Land Bank

Par 13A

Paragraph 13A is applicable:

- when a farmer has disposed of any livestock on account of drought, and
- the whole or any portion of the proceeds of the disposal has been deposited by him with the Land and Agricultural Bank of South Africa (the ‘Land Bank’), and
- the proceeds were deposited within three months after its receipt by the farmer.

Drought: proceeds deposited in Land Bank

Par 13A

The amount deposited with the Land Bank will only be deemed to be gross income of the farmer derived from the disposal of livestock on the following days:

- on the date of the disposal, if it is withdrawn from the account less than six months after the last day of the year of assessment in which the disposal took place
- on the date of the withdrawal, if it is withdrawn from the account more than six months but less than six years after the last day of the year of assessment in which the disposal took place
- on the day before his death or insolvency, in the event of either occurring before the expiry of the period
- on the last day of the six-year period (in other words, six years after the last day of the year of assessment in which the disposal took place), if it is not withdrawn before the expiry of the period.

Equalised rates of tax: average rating formula

Par 19 and section 5(10)

- This rating concession applies only to individuals (natural persons), executors of deceased estates and trustees of insolvent estates.
- Once the option has been exercised to adopt the equalised rates, this election will be binding on the taxpayer for the current year as well as all future years of assessment, irrespective of the fact that farming operations may be terminated.

Equalised rates of tax: average rating formula

Par 19 and section 5(10)

- A person, deriving income from farming operations may, under paragraph 19(5), elect to be subject to tax according to the rating formula set out in section 5(10).
- The rating concession is applied due to the abnormal accrual of income occurring in one year of assessment in comparison with another year. Farming income may fluctuate on an annual basis because of, for example, an extended period between sowing and eventual crop yields – in other words, periods of little or no income followed by periods of inflated income.
Plantation farmers
Par 14 - 16

- ‘Plantation’ means any artificially established tree or any forest of such trees, including any natural extension of such tree (par 16).
- It does not include the type of tree described in par 12(1)(g), namely trees, shrubs or perennial plants planted for the production of grapes, fruit, nuts, tea, coffee, hops, sugar vegetable oils, or fibres.

If a farmer disposes of a plantation, it will form part of his gross income (par 14(1)).
- Must distinguish between the portion relating to the plantation and the portion relating to the land itself.
- The portion relating to the plantation will be revenue in nature whilst the portion relating to the land will be seen as capital in nature (par 14(2)).

Paragraph 15(1)(a) permits the deduction of any expenditure incurred by a farmer during a year of assessment in respect of the establishment and maintenance of plantations, such as:
- the actual cost of the trees
- the cost of planting the trees
- all subsequent expenditure incurred in tending, cultivating and maintaining the trees, including expenditure on thinning and weeding.

The deduction allowed in respect of the cost of acquisition and establishment of a plantation purchased by a farmer in any year of assessment is limited to the gross income derived from that plantation for that year. Excess is carried forward to subsequent year.

If the taxable income derived by a farmer (other than a company) from the disposal of plantations and forest produce in any year of assessment exceeds the annual average taxable income derived by him from the plantation over the three immediately preceding years of assessment, then the normal tax payable for the year of assessment must be determined in accordance with the rating formula provisions of s 5(10) (par 15(3)).

Sugar cane farmers:
Disposal of sugar cane damaged by fire
Par 17

- When a farmer derives taxable income from the disposal of sugar cane as a result of a fire in his cane fields, the normal tax payable on that taxable income must be determined under s 5(10) (par 17).
- ‘C’ in the s 5(10) rating formula is the taxable income derived from the disposal of sugar cane as a result of the fire in his cane fields that would not otherwise have been derived by him in that year.

Game farmers

- Because of the practical difficulties encountered in establishing the actual number of game livestock on hand at any given time, game livestock is in practice valued at Rnil for opening and closing stock.
CGT

- Primary residence exclusion of R2 million only applies to the first two hectares on which the residence is located (apportionment required).
- Small business asset exclusion of R1.8 million could apply if all assets have a market value of less than R10 million if aged 55 or more or disposed of asset for health reasons (par 57).

Death of a farmer

- A deceased farmer must be treated as having disposed of his assets to his deceased estate for proceeds equal to their market value on the date of his death for income tax purposes (s 9HA).
- Therefore, the market value of the livestock and the produce (harvested) of a deceased farmer will be included in the taxable income of a farmer on death. Also, the market value of the capital assets of a farmer, for example immovable farming property, will be treated as proceeds for capital gains tax purposes upon death.
- For estate duty purposes, the fair value of immovable property on which farming operations take place, is reduced by 30% (not applicable when property is realised, then actual proceeds are included)(section 5(1A)).

Subsidies

Par (l) to the definition of gross income

- An amount received by or accrued to a farmer by way of a grant or subsidy in respect of the ‘soil-erosion works’ referred to in s 17A(1) or capital development expenditure referred to in para 12(1)(a) to (i) will be included in the farmer’s gross income by virtue of para (l) of the definition.
- Section 10(1)(z) provided that an amount received by or accrued to or in favour of a farmer from the state by way of a subsidy on interest payable by him on any amount owing by him on a loan or an advance used for the purposes of pastoral, agricultural or farming operations carried on by him is exempt from tax. This provision was repealed with effect from 1 October 2007. Exempt government grants are now dealt with in section 12P and the Eleventh Schedule.

Assessed losses

- Paragraph 12 expenditure is deducted before taking into account any assessed loss (in terms of s 20) brought forward from the previous year of assessment or from any other trade carried on by the taxpayer.
- CIR v Zamoyski (1985 C)

Assessed losses and excess par 12 expenditure

- Paragraph 12 expenditure is deducted before taking into account any assessed loss (in terms of s 20) brought forward from the previous year of assessment or from any other trade carried on by the taxpayer.
- CIR v Zamoyski (1985 C)

Assessed losses

Section 20 and 20A

Trade 1: Salary
Profit
Loss

Trade 2: Fixed property rental

Trade 3: Farming

Section 20A ring-fencing (natural persons)

Ring-fencing of assessed losses

Section 20A

Where section 20A applies, a natural person is prohibited from offsetting assessed losses (or balance) derived from a specific trade against the income derived from another trade or non-trading activity.
Section 20A: ring-fencing

- Applies only to natural persons
- Maximum tax bracket
  - Taxable income $\Rightarrow \text{R1 500 000}$
- Suspect trade OR $\rightarrow$ losses

Suspect trades list

1. Sport
2. Dealing in collectibles
3. Rental of residential accommodation (unless 80% is used by non-relatives for at least half of the year of assessment)
4. Rental of vehicles, aircraft or boats (unless 80% is used by non-relatives for at least half of the year of assessment)
5. Showing of animals
6. Farming or animal breeding (unless on full-time basis)
7. Performing or creative arts
8. Gambling or betting (excluding the owning of race horses)
9. The acquisition or disposal of any cryptocurrency.

National Minimum Wage (NMW), ETI and UIF

- Commenced on 1 January 2019
- R20 per hour
- Farm workers must be paid at least 90% of the NMW for the first two years after implementation (R18 per hour). Thereafter, the NMW will apply.
- The appointment of farm workers would potentially qualify for the employment tax incentive (ETI).
- UIF applies to farm workers working in excess of 24 hours per month (registration and contributions).

Summary of selected special provisions applicable to farmers

- All livestock and produce are regarded as revenue (non-capital) assets irrespective of the farmer’s intention/use.
- Consumables stores are not included in closing stock.
- Livestock is included in closing stock at standard value.
- The section 11(a) deduction for livestock is limited in terms of par 8.
- Capital development expenditure is 100% deductible in the year incurred.
- Movable assets used in farming operations generally qualify for the 50:30:20 capital allowance.

Thank you