

DETERMINATION > MISCELLANEOUS

# Amortisation Rates for Listed Horticultural Plants

Issued: 19 December 2024

DET 24/04

This supplementary determination acknowledges that Mānuka, cultivated and managed as part of a farming activity primarily to promote the production of honey or another mānuka product (not being timber), is recognised by the Commissioner as a listed horticultural plant for tax purposes.

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## Note to Determination DET 24/04

The Commissioner acknowledges Mānuka as a listed horticultural plant, further to Determination DET 24/01: Amortisation Rates for Listed Horticultural Plants issued 3 April 2024.

### What is a listed horticultural plant?

Section YA 1 of the Income Tax Act 2007 defines a “listed horticultural plant” as a plant, tree, vine, bush, cane, or similar plant that is cultivated on the land i.e. farming and production of a product for market consumption. As it relates to plants, generally, to *cultivate* means, the preparation of the land; the planting and ongoing farm management of plant health, together with pest and weed control.

Section 91AAB of the Tax Administration Act 1994 enables the Commissioner to determine that some types of horticultural plants are “listed horticultural plants” for tax purposes and determine different amortisation rates for different plants to reflect the estimated useful life for each plant type. This amortisation of listed horticultural recognises that these plants have a life of greater than seasonal farm crops that may be harvested annually (or less) as part of a farming business.

The Commissioner acknowledges that some business operations have planted mānuka plantations that are managed as a farming activity to promote that business’ production of honey and/or other mānuka products. In addition to the cultivation of mānuka seedlings through to their development as mature trees, these plantations continue to be cultivated and managed throughout their useful life. This management and cultivation includes activities such as monitoring and maintenance of plant health, weed/pest control, suppression of the competitive flowering of other flora, which is undertaken to ensure plant health that maximises mānuka flower production.

The determination does not apply to wild mānuka bush that arises naturally through bush regeneration, usually on remote areas of farmland, that are not cultivated and managed specifically for the production of honey or another mānuka product, as part of a farming or horticulture business.

Please refer to the commentary on [Determination DET 24/01](#) Determination DET 24/01: Amortisation rates for listed horticultural plants, for further information on the process applied by the Commissioner when consideration is given to whether a plant is recognised as a listed horticultural plant.

### How the amortisation rate works

A timing rule requires that land development and planting costs be capitalised until such time as the listed horticultural plant has become of benefit to the business.

The amortisation rate is available to claim listed horticultural plant land development and cultivation expenditure, to align with the income years of productivity and will cease when the business disposes of the land or the related business activity has ceased.

## **DET 24/04: Amortisation rates for listed horticultural plants**

This supplementary determination may be cited as “Determination DET 24/04: Amortisation rate for cultivated Mānuka”.

### **Application**

This determination applies to taxpayers who cultivate and manage Mānuka as a farming operation to promote the production of honey or another mānuka product (not being timber). This determination sets an amortisation rate (based on diminishing value) for Mānuka as a listed horticultural plant.

This determination applies for the 2024 and subsequent income years.

### **Discussion**

In this Determination, unless the context otherwise requires, expressions used have the same meanings as those in ss DO 5 to DO 9, 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.

The amortisation rate only applies to an income year in which the planting benefits the business i.e. when the cultivated Mānuka is actively used for the production of honey or another mānuka product.

## Determination

Pursuant to 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 of listed horticultural plants attached to DET 24/01: Amortisation rates for listed horticultural plants shall include "Mānuka (cultivated and managed for the production of honey or other mānuka product)" in the category for "Other" plants;

### Amortisation rates for listed horticultural plants

Listed horticultural plant	Diminishing value amortisation rate (%)	Estimated useful life of horticultural plant (years)
"Mānuka (cultivated and managed for the production of honey or other mānuka product)".	9.5	15

- (b) For the purposes of section 91AAB(1)(b), for the 2024 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 Mānuka, as a listed horticultural plant, and shall be at the election of the taxpayer either:
- The amortisation rate as set out in column 2 of the schedule to this Determination (rate shown above); or
  - 10%.

## 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.

This determination was signed by on 19 December 2024

### **Stephen Donaldson**

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