



# Farm Bill

## *Endangered Species Tax Deduction*

### **Frequently Asked Questions**

#### **1) Q. What is the 2008 Farm Bill endangered species tax deduction?**

A. A provision in the 2008 Farm Bill allows taxpayers, who are engaged in the business of farming, to receive a tax deduction for expenditures paid or incurred for implementing actions benefitting the recovery of federally threatened or endangered (listed) species. To be eligible for the deduction, the expenditures must be for site-specific management actions recommended in approved recovery plans for listed species. The deduction for endangered species recovery expenses cannot be more than 25 percent of a farmer's gross income from farming.

#### **2) Q. How can I find out if I my actions are eligible for the endangered species tax deduction?**

A. The Internal Revenue Service publishes a Tax Guide for Farmers (<http://www.irs.gov/pub/irs-pdf/p225.pdf>) that includes information about the requirements for the endangered species deduction in Chapter 5 under Conservation Expenses. The Fish and Wildlife Service can provide information on the recovery plans for listed species including recommended recovery management actions contained in those plans.

- i) The first step to assist you in determining your potential eligibility for this deduction is to find out if there are any federally threatened or endangered species occurring in your county. You can go to [http://ecos.fws.gov/tess\\_public/](http://ecos.fws.gov/tess_public/) and use the "Search on a County Name" feature. This search box uses "type ahead" technology. Start typing your county's name in the search box and click on the matching name that appears in the drop down box.



*Northern aplomado falcon. Photo by Bureau of Land Management*

If there are one or more listed species in your county, you will get a "Species by County Report" that provides additional information about each threatened or endangered species occurring in your county. If this search function is not operational, you will need to contact the U. S. Fish and Wildlife Service's Ecological Services Field Office in your area by going to (<http://www.fws.gov/offices/directory/default.cfm>), clicking on your state, and looking under "Ecological Services Field Office." The National Marine Fisheries Service has jurisdiction over some aquatic threatened and endangered species that may occur in your area. Information on approved recovery plans for species under their jurisdiction is available through the National Oceanic and Atmospheric

Administration's Office of Protected Resources (<http://www.nmfs.noaa.gov/pr/recovery/plans.htm>).

- ii) The "Species by County Report" lists species by groups (e.g., birds, mammals, reptiles, etc.) and provides the species common and scientific name. The columns appearing to the right of the species' "Name" column include: "Population", "Status," "Lead Office," "Recovery Plan Name," "Recovery Plan Action Status," and "Recovery Plan Stage." Only those species identified as endangered or threatened under the "Status" column and that have "Final" or "Final Revision" indicated in the "Recovery Plan Stage" column are considered listed species with approved recovery plans. This list primarily provides recovery plan information for species under the jurisdiction of the U.S. Fish and Wildlife Service. As described above, you should contact the National Oceanic and Atmospheric Administration's Office of Protected Resources to determine if there are species in their jurisdiction that have approved recovery plans.

If there is no approved recovery plan for your species, you are not eligible. If there is a recovery plan for a species in your area, and the location and type of management actions recommended in the plan are consistent with your conservation actions and you meet other requirements as stipulated in the tax code, you are potentially eligible for the endangered species deduction.

- iii) To determine if your completed or planned action(s) are consistent with an approved recovery plan and are potentially eligible for the deduction, you have several sources

of information. Some of the words on the “Species By County Report” appear in underlined, blue font, which indicate a link to additional information. For example, clicking on the words “View Implementation Progress” under the “Recovery Plan Action Status” column will take you to a report that describes recovery plan actions for that species. By reviewing the “Action Description” column in this report, you can find actions of interest and their associated action number in the column to the left. The action number will help you find more details on that specific action in the recovery plan. You can view recovery plans by clicking on the name of the recovery plan under the column “Recovery Plan Name” on the “Species By County Report.” The lead office for the recovery plan may also be able to assist you in finding the information you will need to make your determination. Their contact information is provided under the “Lead Office” column on the “Species By County Report.”

If you are participating in a Farm Bill conservation program administered by the U.S. Department of Agriculture and are operating under a conservation plan approved by the Natural Resources Conservation Service or comparable state agency, your conservation plan may include implementation of conservation practices that contribute to the recovery of listed species in your area. A review of your conservation plan with any applicable recovery plans can assist you in determining your eligibility for the endangered species tax deduction.



*Fish and Wildlife Service biologist and partner. Photo by U.S. Fish and Wildlife Service*

In summary, if there are threatened or endangered species on, or within the vicinity of your property, and if these species have approved recovery plans that describe management actions appropriate for your location and habitat type, you may be eligible for the endangered species deduction, provided you meet the other requirements of the tax code.

**3) Q. Can the U. S. Fish and Wildlife Service tell me if my actions qualify for a tax deduction?**

A. No, the U. S. Fish and Wildlife Service cannot tell you if your actions qualify for a tax deduction. However, the U. S. Fish and Wildlife Service can assist you in finding the information you need to

determine if your actions are consistent with site-specific management actions in approved recovery plans. If you have specific tax code questions concerning the endangered species tax deduction, contact the Internal Review Service or your tax advisor.

**4) Q. What types of actions would qualify?**

A. There are a wide variety of actions that a landowner could implement to benefit threatened and endangered species, such as restoration of wetlands, grasslands or riparian areas, or removal of invasive species. Review the approved recovery plans for listed species in your area as described above in the answer to question #2 to see if your conservation action is consistent with actions described in a recovery plan.