



Farm Bill

Endangered Species Tax Deduction

Overview

Farmers and ranchers implementing conservation actions that contribute to the recovery of threatened and endangered species may now be eligible for a tax deduction. The 2008 Farm Bill established a tax deduction for expenditures paid or incurred for the purpose of achieving site-specific management actions recommended in recovery plans for species listed as threatened or endangered under the Endangered Species Act (ESA).

The deduction can be claimed beginning with the 2009 tax year by those taxpayers engaged in the business of farming. The amount of the deduction cannot exceed 25 percent of the taxpayer's gross income from farming. To qualify for the deduction, there must be federally threatened or endangered species in the area; there must be an approved recovery plan for the species; and the conservation actions implemented by the taxpayer must be consistent with management actions described in the approved recovery plan(s) and must occur in the location and habitat type for which the plan was written.

The U. S. Fish and Wildlife Service (Service) and the National Marine Fisheries Service have developed recovery plans for a majority of the

species that are federally listed as threatened or endangered. Final and revised final recovery plans are considered approved plans. The Service maintains information online regarding threatened and endangered species, including a listing of species by county and the status of any applicable recovery plans. The information is available at http://ecos.fws.gov/tess_public/. Information on approved recovery plans for species under the jurisdiction of the National Marine Fisheries Service is available through the National Oceanic and Atmospheric Administration's Office of Protected Resources at <http://www.nmfs.noaa.gov/pr/recovery/plans.htm>.

Although the Service cannot make determinations regarding a taxpayers' qualifications for the endangered species deduction, we can assist taxpayers in finding the information that will help them determine whether their conservation actions are consistent with site-specific management actions in approved recovery plans. Specific tax code questions concerning qualifications for the endangered species tax deduction should be directed to the Internal Review Service (IRS) or the taxpayers' tax advisor. The IRS publishes a Tax Guide for Farmers (<http://www.irs.gov/pub/irs-pdf/p225.pdf>) that includes information



Northern aplomado falcon. Photo by Bureau of Land Management

about the requirements for the endangered species deduction in Chapter 5 under Conservation Expenses.

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