

TYPES OF LANDS THAT QUALIFY

Wetland, cropland, grassland, forestland

TYPE OF PROGRAM

Conservation easement

MONETARY BENEFIT

Direct payment



Federal Threatened & Endangered Species Tax Deduction

To assist with the cost of practices that improve threatened and endangered species, the Internal Revenue Service (IRS) allows voluntary tax deductions for private landowners implementing conservation actions that contribute to the recovery of threatened and endangered species. Wildlife Mississippi conceptualized it.

■ HOW IT WORKS

The 2008 Farm Bill established a tax deduction for expenditures paid or incurred to achieve 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 by those taxpayers engaged in the business of farming. The amount of the deduction cannot exceed 25% of the taxpayer's gross income from farming.

The following must be true 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.
- The conservation actions implemented by the taxpayer must be consistent with management actions described in the approved recovery plan(s).
- They must occur in the location and habitat type for which the plan was written.

The U. S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service have developed recovery plans



for most of the federally listed species as threatened or endangered. Final and revised final recovery plans are considered approved plans.

The FWS provides information online regarding threatened and endangered species, including listing species by county and the status of applicable recovery plans. The FWS cannot determine a taxpayer's qualifications for the endangered species deduction; however, it can help taxpayers find information that will help them decide whether their conservation actions are consistent with site-specific management actions in approved recovery plans. .

■ QUALIFYING COSTS

The FWS can determine site-specific qualifying costs.

■ FEDERAL THREATENED & ENDANGERED SPECIES TAX DEDUCTION EXAMPLES

A landowner has 100 acres of eligible land in South Mississippi that they want to reforest in longleaf pine

to benefit the federally threatened gopher tortoise. The Federal Threatened and Endangered Species Tax Deduction can be utilized to deduct the expenses of the reforestation effort.

Eligible Expenses

- Site preparation (herbicide and burning): \$140/acre
- Longleaf pine seedlings & tree planting: \$175/acre

Sample Calculation

Site Preparation (Herbicide and Burning):

$$\text{\$140/acre} \times 100 \text{ acres} = \text{\$14,000}$$

Longleaf Pine Seedlings and Tree Planting:

$$\text{\$175/acre} \times 100 \text{ acres} = \text{\$17,500}$$

$$\text{Total Reforestation Costs} = \text{\$31,500}$$

$$\text{Tax Deduction} = \text{\$31,500}$$

Approximate Cash Value of Deduction

$$\text{(assuming a 40\% tax bracket)} = \text{\$12,600}$$



The Mississippi Land Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in Mississippi.

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The Mississippi River Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in the Lower Mississippi River region.

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Wildlife Mississippi works with willing private landowners and government agencies to conserve fish and wildlife habitat in Mississippi.

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