

FIVE STARS GLOBAL RESOURCES MALAYSIA PLT

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Introduction to Hobby Farming in Australia 2019

What is the difference between a farm and a hobby farm?

The key distinguisher for **hobby farming** is that it is not for profit motive.

- ✚ **Hobby farming** is primarily for pleasure or recreation.
- ✚ A **farm** includes livestock, dairy, poultry, fish, fruit and truck farms.

A **hobby farm** (also called a lifestyle block in New Zealand, or acreage living or rural residential in Australia) is a smallholding or small **farm** that is maintained without expectation of being a primary source of income.

Tax Breaks

- ❖ In order to get the **tax** breaks, you need to prove that your **farm** is an actual business – not a **hobby farm**.
- ❖ A **hobby farm** is a “farm” – typically a few horses, other livestock or crops – used for leisure and enjoyment.
- ❖ If **you** earn some income from a **hobby farm**, **you're** allowed to **deduct farm expenses**. **You can only deduct hobby farm expenses** to the extent **you** have **hobby** income. If your **farm** starts to become profitable, **you** may need to report it has a business instead of a **hobby**.



Definition of a Farm

IRC Section 2032A(e)(4): *The term “farm” includes stock, dairy, poultry, fruit, furbearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards and woodlands.*

Australia

Rural residential living in Australia consists of very large home sites usually on the outskirts of an urban area. Often subdivisions of former farms, these blocks of land are primarily used for residential purposes by those people who enjoy the countryside or have hobbies and interests (e.g. gardening, horses, collecting and restoring old vehicles) which require more land than a normal suburban block or simply prefer the privacy of very low-density living. Farming may occur on the blocks but is usually conducted on a small scale, more as a hobby than for serious commercial gain. Occupiers of rural residential properties generally accept that there will be a lower level of amenities available to them locally (e.g. shopping centres, public transport) and are prepared to travel further to access such amenities.

Hobby Farm Deals for retiring Seniors who wish to live the golden years in a farm stay facility.

Aussie Hobby Farm Stay Pty Ltd will own small/medium hobby farms with self sub-divided farming plots for individuals. Retirees may lease a retirement farm stay unit for a long/medium term stay with or without allocation of a hobby farm plot. Size of farming plots are optional and sized to suit individual requirements.

Lease for the facilities are affordable and may be customised to individual requirements.

*Only independent retirees and not large families with kids will be suitable for the facilities. Facilities are all fully furnished and serviced by in-house keepers. Recreational facilities and basic healthcare facilities available.

