



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

Committee Secretary
Senate Standing Committees on Economics
Parliament House
Canberra ACT 2600

TFGA Submission – Senate Inquiry into Tax and Superannuation Laws Amendment Bill 2016

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

The total Tasmanian gross state product (GSP) was \$23.9 billion for the 2012 year. The GVP of agriculture, forestry and fishing collectively amounted to almost 9% of this total – before input supply services and value-adding, which is well above that for the nation as a whole.

The TFGA is grateful for the opportunity to make comment to the Senate inquiry into ‘the provisions of the Tax and Superannuation Laws Amendment (2016 Measures No. 1) Bill 2016’.

The TFGA supports the measures contained in the Amendment Bill 2016. Our submission focuses on Schedule 3 of the Bill - Farm Management Deposit reforms.

We support the following reforms to the income tax treatment of farm management deposits (FMDs):

- increasing the maximum amount that can be held in FMDs by a primary producer to \$800,000 (previously \$400,000);
- allowing primary producers experiencing severe drought conditions to withdraw an amount held in an FMD within 12 months of its deposit in the income year following deposit without affecting the income tax treatment of the FMD in the earlier income year; and
- allowing amounts held in an FMD to offset a loan or other debt (ie. as a result of the arrangement a lower amount of interest is charged on the loan than would otherwise be the case) relating to the FMD owner’s primary production business.

We would recommend any changes made to FMDs are appropriately communicated to the agricultural community.

Please contact the TFGA if you require any further information.

Yours sincerely

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Chief Executive Officer
4th March 2016

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