

## Primary Production

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## Important

**This booklet is simply a collection of Newsflash articles relevant to Primary Production. The articles are transferred from Newsflash into this booklet so it is best read from the back page forwards to ensure you are reading the latest article on the topic first. Note that the information contained in this booklet is not updated regularly so it is important that you seek professional advice before acting on it.**

## Don't Lose the Benefits of Your Farm Management Deposit

Recently enacted legislation will allow primary producers affected by natural disasters access to their farm management deposits within 12 months of making those deposits, without the loss of any tax concessions.

The changes are intended to provide the same relief to primary producers affected by natural disaster as that which is currently available to primary producers affected by severe drought and other exceptional circumstances.

These changes will undoubtedly be good news for many farmers but they won't provide relief from ongoing confusion and red tape surrounding the creation and use of FMD's. In recent months I have seen an increasing number of clients provided with inaccurate and inappropriate advice from organizations not qualified to provide accounting or taxation guidance.

Getting back to basics. To qualify for the benefits of a FMD you must be a primary producer. To fulfil the ATO's definition of primary production you must: cultivate or propagate plants or fungi; maintain animals for the purpose of selling them or their bodily produce; manufacture dairy products from raw materials; plant or tend trees that are intended to be felled; fell trees in a plantation, transport trees felled in a plantation; or conduct operations directly related to the taking of fish or the taking or cultivation of pearls.

If you comply with this definition and you have agreed with your accountant that a FMD is appropriate for your circumstances select your financial institution carefully. Make sure you are dealing with someone who can clearly articulate to you the rules that apply to FMD's. When you receive your paperwork take the time to double check that the account has been correctly labelled and reported as a Farm Management Deposit.

As always maintain good records and in particular track any changes to account numbers which may occur as the result of reinvestment of funds.

**This article was provided by Lyn Gower, third generation farmer and owner of our Tenterfield, Stanthorpe and Gold Coast offices.**

## 2013 Budget Updates

**Farm Management Deposits** – From the 1<sup>st</sup> July, 2014 farmers can have additional income from non primary production up to \$100,000 (up from \$65,000) and still be entitled to a tax deduction for any funds they place in a farm management deposit for use in future years.

## Ask BAN TACS

For \$79.95 at Ask BAN TACS, <https://taxquestions.com.au/> you can have your questions regarding Capital Gains Tax, Rental Properties and Work Related Expenses answered. We will include ATO references to support our conclusion. There is also a notice board where some askbantac users have generously allowed their question and answer to be published. Lots of good real life information.

## More Information

Please make sure you continue to keep your knowledge up to date by [subscribe to our Newsflash reminder](#). There are many other booklets available on our web site <https://www.bantacs.com.au/media-library/booklets/> in fact the whole web site is full of useful information so also have a look around under topics.

# How to Make Sure Your Next Property Is a Good Investment

- Do you really know how much the property is going to cost you to hold?
- What name should the property be purchased in?
- Will this property fit your investment strategy and goals?
- What does the contract say about GST?
- How does the price compare with similar sales in the area?
- If it is negatively geared, how much capital growth is required before you breakeven?
- Do you know what records you need to keep and how?
- Are your financing arrangements maximising your tax deductions?
- What happens if interest rates rise?

.....and the list goes on!

To ensure you don't make a costly mistake with your next purchase make sure you see a BAN TACS Accountant before you sign

**Disclaimer:** The information is presented in summary form and could be out of date before you read it. It is only intended only to draw your attention to issues you should further discuss with your accountant. Please do not act on this information without further consultation. We disclaim any responsibility for actions taken on the above without further advice as to your particular circumstances.

