



Coorong Tatara

Sustainability, Agriculture & the Environment

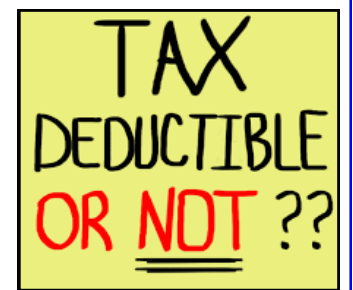


Farm Water Infrastructure Tax Benefits

Use this document as a guide only
Tax legislation frequently change
The financial situation and structure of individual businesses varies

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Primary Producer Concessions

If you are a primary producer, special tax concessions may inform the amount you include in your assessable income each year. These concessions also affect when you have to pay your income tax, as you may be able to make two Pay As You Go instalments each year, instead of four.

Primary producers also have access to primary production averaging, which may allow you to pay a lower tax rate in years where you earn above-average income.



On-Farm Emergency Water Infrastructure Rebate Scheme

The South Australian Government in partnership with the Australian Government is providing a rebate of up to 50% (to a maximum of \$50,000 - GST exclusive) to primary producers in drought affected areas for the costs associated with the purchase, installation and repairs to on-farm water infrastructure for livestock and permanent horticulture that:

- assists primary producers to be more productive
- assists in mitigating degradation of natural watering points
- addresses animal welfare needs
- assists primary producers to be more resilient for future droughts

PLEASE NOTE *PIRSA 15th Oct 2020*

The OnFarm Emergency Water Infrastructure Scheme has been oversubscribed, with demand exceeding the funding allocated for the period.

The strong demand demonstrates the commitment from primary producers to improve their water security, productivity and profitability during the drought.

Given this intense interest, the Marshall Liberal Government has invested additional funding to enable remaining applications to be supported. This program has been a partnership with the Commonwealth. The Marshall Liberal Government remains committed to the delivery of this program, and is currently working through the details with the Commonwealth Government regarding additional funding announced in the recent Federal Budget.

Once the finer details of the Commonwealth Government funding for the program are confirmed, the current assessments will be finalised and applicants will be notified via email of the outcomes of their individual submission and its assessment.

Currently, any further applications to the Scheme are closed.

Contact Details

Phone 1800 931 314

Web <https://bit.ly/2GZkpFO>

ATO—December 16th 2020

Instant asset write-off for eligible businesses

Eligible businesses can claim an immediate deduction for the business portion of the cost of an asset in the year the asset is first used or installed ready for use.

Instant asset write-off can be used for:

- multiple assets, if the cost of each individual asset is less than the relevant threshold
- new and second-hand assets.

If you are a small business, you will need to apply the simplified depreciation rules in order to claim the instant asset write-off. It cannot be used for assets that are excluded from those rules.

The instant asset write-off eligibility criteria and threshold have changed over time. You need to check your business's eligibility and apply the correct threshold amount depending on when the asset was purchased, first used or installed ready for use.

Recent changes

For assets first used or installed ready for use between 12 March 2020 until 30 June 2021, and purchased by 31 December 2020, the instant asset write-off:

- **threshold** amount for each asset is \$150,000 (up from \$30,000)
- **eligibility** extends to businesses with an aggregated turnover of less than \$500 million (up from \$50 million).

From 7.30pm AEDT on 6 October 2020 until 30 June 2022, temporary full expensing allows a deduction for:

- the business portion of the cost of new eligible depreciating assets for businesses with an aggregated turnover under \$5 billion or for corporate tax entities that satisfy the alternative test
- the business portion of the cost of eligible second-hand assets for businesses with an aggregated turnover under \$50 million

the balance of a small business pool at the end of each income year in this period for businesses with an aggregated turnover under \$10 million.

ELIGIBILITY AND EXEMPTIONS

See the ATO Fact Sheet by clicking on the link below'

The **Government Fact sheet** link below provides an excellent explanation with many clear examples;

https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Support_for_business_investment.pdf

ATO Guide to depreciating assets 2020 (ATO May2020)

Water Facilities

A water facility includes plant or a structural improvement that is primarily and principally for the purpose of conserving or conveying water. It also includes an alteration, addition or extension to that plant or structural improvement. Examples of water facilities are dams, tanks, tank stands, bores, wells, irrigation channels, pipes, pumps, water towers and windmills. The meaning of water facility has been extended to include certain other expenditure incurred on or after 1 July 2004:

- A repair of a capital nature to plant or a structural improvement that is primarily and principally for the purpose of conserving or conveying water (for example, if you purchase a pump that needs substantial work done to it before it can be used in your business, the cost of repairing the pump may be treated as a water facility)
- A structural improvement, or an alteration, addition or extension to a structural improvement, that is reasonably incidental to conserving or conveying water,
- A repair of a capital nature to a structural improvement that is reasonably incidental to conserving or conveying water.

You can fully deduct capital expenditure on a water facility if you incurred the expenditure at or after 7.30pm (AEST) on 12 May 2015. You fully deduct the expenditure in the income year in which you incurred it. The total deduction cannot be more than the amount of the capital expenditure. If you incurred the expenditure before this time, the previous uniform capital allowance (UCA) continue to apply.

For more information:

<https://www.ato.gov.au/Forms/Guide-to-depreciating-assets-2020/>



Fencing Assets

A fencing asset is an asset or structural improvement that is a fence, or a repair of a capital nature, or an alteration, addition or extension, to a fence. The capital expenditure you incur on the construction, manufacture, installation or acquisition of the fencing asset must have been incurred primarily and principally in a primary production business that you conduct on land in Australia. You may claim the deduction even if you are only a lessee of the land.

You can fully deduct capital expenditure on a fencing asset if you incurred the expenditure at or after 7.30pm (AEST) on 12 May 2015. You fully deduct the expenditure in the income year in which you incurred it. The total deduction cannot be more than the amount of the capital expenditure.

Fodder Storage Assets

A fodder storage asset is an asset that is primarily and principally for the purpose of storing fodder. It is also a structural improvement, or a repair of a capital nature, or an alteration, addition or extension, to an asset or a structural improvement, that is primarily and principally for the purpose of storing fodder.

- Silos
- Liquid feed supplement storage tanks
- Bins for storing dried grain
- Hay sheds
- Grain storage sheds, and above-ground bunkers for silage.

The capital expenditure you incur on the construction, manufacture, installation or acquisition of the fodder storage asset must have been incurred primarily and principally for use in a primary production business that you conduct on land in Australia. You may claim the deduction even if you are only a lessee of the land.



Capital Works Deductions

Capital works used to produce income, including buildings and structural improvements, are written off over a longer period than other depreciating assets.

Note that the land itself can't be written off and its cost is not deductible.

The capital works deduction is available for:

- Buildings or extensions, alterations or improvements to a building
- Structural improvements such as sealed drive-ways, fences and retaining walls
- Earthworks for environmental protection, such as embankments.

More information can be found at:

<https://www.ato.gov.au/business/depreciation-and-capital-expenses-and-allowances/capital-works-deductions/>

The Drought Community Support Initiative (DCSI) Round 2

The Drought Community Support Initiative (DCSI) Round 2 is an Australian Government funded grant that provides financial assistance of up to \$3000 to farmers, farm workers, or suppliers/contractors that have been impacted by the drought.

DCSI Round 2 is a second round of funding being provided by the Commonwealth Government under this initiative. In this round, there is \$45,000,000 of funding to be distributed to eligible households, through payments of \$3,000.

On 20 March 2020, the Australian Government announced \$15,000,000 of funding to be allocated towards an additional 52 LGAs that are now eligible to receive DCSI Round 2 support. These LGAs will be able to access this funding via [our online form](#) as of the 23 March 2020.

Round 2 started on the 19 November 2019 and will continue until 30 April 2021 or until program funds have been exhausted.

More information can be found at:

https://www.vinnies.org.au/page/Find_Help/drought_assistance/

[Drought Community Support Initiative 2B Brochure](#)

Useful Contacts

- Your accountant
- Rural Financial Counselling Service (RFCS)
 - Murray-Mallee and Upper South East
 - Lynton Keen
 - Phone: 1800 836 211
 - Mobile: 0448 092 294
 - Email: l.keen@ruralbusinesssupport.org.au
 - South East and Coorong
 - Lachlan Hood
 - Phone: 1800 836 211
 - Mobile: 0439 286 550
 - Email: l.hood@ruralbusinesssupport.org.au
- PIRSA Drought Support
https://pir.sa.gov.au/grants_and_assistance/drought_support

Other Fact Sheets in this series

- Water Harvesting and Lined catchments
- Farm Water Supply Pipelines
- Desalination for Livestock Water Supplies

These can be accessed at <https://www.coorong.sa.gov.au/council-services/coorong-tatiara-local-action-plan/water-security>

Grants and Financial Incentives updates

These may be available from time to time to assist with projects.

In time of drought, tax and financial incentives may be offered as part of Government drought assistance packages.

The Coorong Tatiara Local Action Plan will promote these in our e newsletter.

To subscribe to our newsletter please email tstrugnell@coorong.sa.gov.au

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