



# Coorong Tatara

Sustainability, Agriculture & the Environment



## Farm Water Infrastructure & Other Farm Tax Benefits, Rebates & Concessions

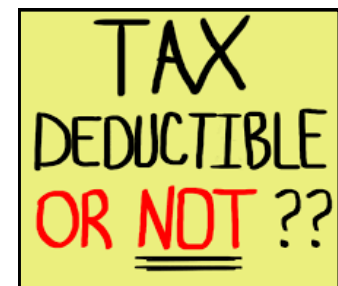
Use this document as a guide only.

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.



Last modified: 15 November 2022

Department of Climate Change, Energy, the Environment & Water

## On-Farm Emergency Water Infrastructure Rebate Scheme

We are extending and expanding the popular On-farm Emergency Water Infrastructure Rebate Scheme to **30 June 2024**. This extension includes support for farmers impacted by natural disasters.

### How it works

- Since its launch in the scheme has helped farm businesses to build resilience & cope with the impacts of climate change.
- The scheme provides rebates to farm businesses to purchase and install critical on-farm water infrastructure.
- If eligible, primary producers or horticulture farmers can claim up to **25%** of the cost of approved critical infrastructure, up to a maximum total rebate of **\$25,000**.
- Your state or territory will match the Australian Government's contribution dollar for dollar.
- Following the 2022-23 October Budget, the scheme will **now close on 30 June 2024** or when funding is fully allocated.
- We committed \$100 million to this popular scheme. To date, \$65.7m has been disbursed through 12,745 rebates to farmers.

### Who can apply

- A primary producer or horticulture farmer.
- A property owner, share farmer or lease holder.
- In an area defined by your state or territory as drought affected or impacted by natural disasters.
- In the grazing or horticulture industries.

### Eligible activities

The purchase & installation of new water-related infrastructure must be:

- Or your own grazing livestock or permanent plantings (rebates do not apply to agisted stock)
- Purchased and installed for an animal welfare or permanent planting need and to improve your drought resilience or water use efficiency and flexibility.

The repair or replacement of damaged water-related infrastructure applies to:

- Damage from natural disasters.
- Applications that do not include funds from insurance and other grants as part of the 75% contribution required of applicants.

### For primary producers

Eligible expenses for primary producers are:

- Buying and installing, repairing or replacing:
  - \* Pipes, water storage devices such as tanks and troughs associated with stock watering and water pumps and associated electronic systems to manage water delivery
  - \* Desilting dams and drilling new stock water bores and associated power supply such as generators.

New water infrastructure to support livestock watering must be purchased **after 30 June 2018** or, in the case of damaged infrastructure after 31 December 2021.

### How to access your rebate

State and territory governments administer deliver the rebates and can provide information on eligibility & access to the scheme.

<https://www.dcceew.gov.au/water/policy/programs/open/on-farm-infrastructure-rebate#>

Last modified: 12 July 2023 - Australian Tax Office

## Farm Business Support - \$20,000 Instant Asset Write-off

As part of the 2023-24 Budget, the Australian Government announced it will increase the instant asset write-off threshold to \$20,000. This will improve cash flow and reduce compliance for farm businesses. This will take effect from 1 July 2023 until 30 June 2024.

Businesses with an aggregated annual turnover or total income less than \$5 billion can deduct the full cost of eligible depreciable assets costing less than \$20,000. The assets must be first used or installed ready for use between 1 July 2023 and 30 June 2024.

The \$20,000 threshold will apply on a per asset basis, so small businesses can write off multiple assets.

Assets valued at \$20,000 or more that cannot be immediately deducted can go into the small business simplified depreciation pool. Under that arrangement, assets depreciate at 15% in the first income year and 30% each income year after that.

The Government's temporary loss carry back scheme applies to businesses with a turnover up to \$5 billion. Businesses can offset losses from the 2022-23 income year against previous profits going back to 2018-19 where tax was paid, to generate a refund.

Further information on the loss carry back scheme is available on the [Australian Taxation Office website](#)

## Primary Producers Affected by Drought or Natural Disasters

The Australian Taxation Office can help farm businesses affected by drought and other natural disasters with:

- \* More time to pay.
- \* Waiving penalties or interest charged at a time you were affected by drought.
- \* Payment plans with interest free periods.
- \* Adjusting pay as you go (PAYG) instalments to better suit your circumstances.

tax incentives for primary producers.

More information is available at the ATO website, on:

[help for drought-affected taxpayers](#), and [dealing with disasters](#).

In special circumstances, the Commissioner for Taxation may release individuals from payment of some taxes where it is shown that payment would cause serious hardship.

The Tax Office will look at circumstances on a case-by-case basis. There are taxation measures and concessions available to drought-affected primary producers. These include:

- \* [profit from the forced disposal or death of livestock](#)
- \* [proceeds from double wool clips](#)
- \* [insurance recoveries](#).

### Taxation issues

There are also a number of other tax concessions available to primary producers, regardless of their locations or if they are in hardship, that can be broadly classified as

- \* [tax offsets](#),
- \* [tax deductions](#) and
- \* [concessional treatments](#).

Continued on page 4



# ATO Guide to Depreciating Assets & Capital Expenditure

## 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 wind-mills.

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 continues to apply.

Irrigation water providers are entitled to a deduction for expenditure on water facilities that is incurred on or after 1 July 2004. An irrigation water provider is an entity whose business is primarily and principally the supply (by means other than by the use of motor vehicles) of water to entities, for use in primary production businesses on land in Australia.

More information available on the following link:

<https://www.ato.gov.au/Forms/Information-for-primary-producers-2022/?page=5>

*Last modified: 06 Jul 2022*



## 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.

More information available on the following link:

<https://www.ato.gov.au/Forms/Information-for-primary-producers-2022/?page=5>

*Last modified: 06 Jul 2022*

## 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.

You can deduct the capital expenditure you incurred for a fodder storage asset. If you incurred the expenditure:

**on or after 19 August 2018** – deduct the full cost of the fodder storage asset in the income year you incurred the expense.

More information available on the following link:

<https://www.ato.gov.au/Forms/Information-for-primary-producers-2022/?page=5>

*Last modified: 06 Jul 2022*

## Capital Works Deductions

Australian Tax Office, Last modified: 07 Feb 2023

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, extensions, alterations, improvements to a building.
- Structural improvements such as sealed driveways, fences and retaining walls.
- Earthworks for environmental protection, eg. embankments.

More information can be found at:

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

Last modified: 07 Feb 2023

## Rural Financial Counselling Service

The Rural Financial Counselling Service Program is an Australian Government initiative that provides free and independent financial counselling to eligible farmers, fishers, foresters and small related enterprises who are experiencing, or at risk of, financial hardship.

Our qualified business financial counsellors can talk with you to:

- \* Understand your financial position
- \* Navigate financial issues
- \* Develop plans to manage cash flow & creditor payments
- \* Access dispute resolution services
- \* Consider succession pathways
- \* Seek broader professional advice and support
- \* Access government & community grants, programs or schemes

Our support officers are knowledgeable about the process and documentation required for applications for the [Farm Household Allowance](#), [Regional Investment Corporation Loans](#) and [PIRSA funding and support](#).

We can work with clients for up to three years. Our vision is to work towards a profitable, sustainable and resilient rural business sector.

### Contacts

Free call: 1800 836 211

Email: [enquiries@ruralbusinesssupport.org.au](mailto:enquiries@ruralbusinesssupport.org.au)

Web link: <https://www.ruralbusinesssupport.org.au/where-to-find-us/regional-offices/>

Regional offices:

- Murray Bridge, 8 Seventh Street

...- Berri, 6 Kay Avenue

## Useful Contacts

• **Department of Agriculture, Forestry & Fisheries**

- Drought and Rural Support.

<https://www.agriculture.gov.au/agriculture-land/farm-food-drought/drought>

Last updated: 28 July 2023

**PIRSA** - Includes.

- Drought and bushfires.

- Storms, high river flows and floods.

[https://pir.sa.gov.au/emergencies\\_and\\_recovery](https://pir.sa.gov.au/emergencies_and_recovery)

Page Last Reviewed: 04 Jan 2023

## Tax offsets (Continued from page 2)

Primary producers, given their highly variable income streams and remote locations, can use these mechanisms to lessen their tax burden. These include:

- \* [tax averaging for primary producers](#)
- \* [zone tax offsets](#)
- \* [Research and Development tax incentive.](#)

## Tax deductions

These relate to expenses that directly facilitate earning income and reduce assessable income. These include:

- \* [farm Management Deposits Scheme](#)
- \* [accelerated depreciation for water and fodder infrastructure and fencing](#)
- \* [depreciating assets](#)
- \* [water facilities deductions](#)
- \* [horticultural plants](#)
- \* [carbon sink forests](#)
- \* [electricity connections and telephone lines for small businesses](#)
- \* [forestry managed investment scheme](#)

## Tax concessions

These relate to a variety of assistance measures for individuals such as deferrals of tax liability that can help to reduce an individual's assessable income in the current financial year. These include:

- \* [fuel tax credits](#)
- \* [luxury car tax refund](#)
- \* [reduction in fringe benefits tax](#)
- \* [small business entity tax concessions](#)

## For further information on these measures contact

the [Australian Taxation Office](#) on 13 28 66.

For drought assistance, contact the Australian Taxation Office Drought hotline on 1800 806 218 or visit [Drought help](#) on the Australian Taxation Office website for further information.

## 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.

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](mailto:tstrugnell@coorong.sa.gov.au)

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