



Tax

Agreed to by the VFF Policy Council
Meeting 174
17 November 2021

NB: Nothing in this statement should be interpreted in any way as to constitute tax advice. VFF members should seek advice from a qualified accountant or tax practitioner for all tax issues relating to their business.

Policy Statement

General Principles

1. The VFF recognises the agriculture industry's responsibility to contribute to the public good through a fair and efficient tax system. As a generator of wealth, the agriculture industry should make a fair contribution to funding the efficient delivery of public services and infrastructure that underpin a reasonable living standard for all Australians, including those in rural and regional communities.
2. The VFF supports reform of Australia's tax system to promote the principles of efficiency, simplicity, transparency, equity and fairness. Reform should focus on assisting industry and businesses to maintain and enhance competitive advantage and access to markets. Reforms should be funded through efficiency in government spending, reprioritisation of government expenditure and through defining state and federal taxation powers.
3. The VFF opposes any net increase in taxation. The VFF believes any proposal to increase a tax must be matched by an equivalent reduction in a less efficient or less equitable tax.
4. The VFF believes the specific circumstances and characteristics of the agriculture sector and rural communities must be recognised appropriately within the tax system including factors such as the variability of income, and the limited capacity to pass on increased costs.
5. The VFF supports the use of tax concessions and exemptions designed to eliminate the disproportionate impact of certain types of taxes on farm businesses (eg. stamp duties) and to promote investment in the agriculture industry.
6. The VFF believes taxes should be reduced on transactions and investment. More reliance should be placed on taxes that have less impact on economic growth – resulting in fewer, more efficient taxes.
7. The VFF supports tax incentives for primary producer activities that result in broader public good and positive environmental outcomes.

Business Structure

8. The VFF believes all businesses should choose the structure that best suits their business objectives and needs. The VFF seeks similar tax treatment for farm businesses irrespective of their business structure.
9. The VFF supports regular review of the turnover threshold for small business tax concessions. An increased threshold should also be indexed in accordance with CPI.

GST

10. The VFF believes any increase to the rate of the GST should be commensurate with the removal of other inefficient and inequitable taxes such as payroll tax and stamp duties.
11. GST reform should focus on ways to simplify the system and reduce the compliance burden imposed upon businesses.
12. The VFF opposes the broadening of the GST to include fresh food.

Company Tax

13. Recognising the increasing proportion of farm businesses adopting company structures, the VFF supports lowering the company tax rate.

Capital Gains Tax

14. The VFF opposes Capital Gains Tax on the sale or transfer of business assets.
15. The VFF seeks an exemption for farm businesses for capital gains tax liability against intergenerational farm asset transfers, consistent with the stamp duty exemption that exists in Victoria.

Tax Averaging

16. The VFF supports the ability of farmers to average their income tax to minimise the extent that variable timing of income influences tax liabilities over time.

Accelerated Depreciation

17. The VFF supports the choice and ability for farmers to accelerate the depreciation of business assets for tax purposes, recognising accelerated depreciation as a useful tool to offset the high costs of capital improvements as quickly as possible.

Farm Management Deposits

18. The VFF supports the continuation of the Farm Management Deposit scheme.
19. The VFF supports improvements to make the Farm Management Deposit scheme more flexible including linkages to existing or new financial programs, expansion of the scheme to

broader business structures and measures to improve access and withdrawal provisions during drought, which do not disadvantage farmers.

20. The VFF supports the cap on deposits being increased subject to periodic review.

Superannuation

21. The VFF supports consideration and examination of the need to remove tax rules that disproportionately disadvantage farmers from contributing to and accessing their superannuation.

Payroll Tax

22. The VFF opposes the imposition of payroll tax on all businesses.
23. The VFF seeks exemptions and concessions for all farm businesses, and for businesses in rural and regional Victoria.

Land Tax

24. The VFF opposes the imposition of state government land tax on all farmland.
25. The VFF opposes the Victorian Government's Growth Areas Infrastructure Contribution scheme.
26. The VFF opposes land taxes based on government initiated rezoning decisions.
27. The VFF will seek concessions and exemptions for all farmland that may be subject to land taxes.

Stamp Duty: Sale and Transfer of Land

28. The VFF opposes the imposition of stamp duties on all conveyancing transfers.
29. The VFF supports the use of stamp duty exemptions and concessions to assist young farmers entering the market.

Stamp Duty: Insurance

30. The VFF opposes the imposition of stamp duties on all insurance products. The VFF will seek concessions and exemptions from stamp duty for insurance products related to primary production.

Stamp Duty: Motor Vehicles

31. The VFF opposes the imposition of stamp duties on the sale and transfer of all motor vehicles. The VFF will seek concessions and exemptions from stamp duties for the transfer of motor vehicles used solely for primary production purposes.

Luxury Vehicle Tax

32. The VFF opposes all forms of luxury vehicle taxes that affect the affordability of farm vehicles for primary producers. Where luxury vehicle taxes are in place, the VFF will seek an exemption for primary producers.

Fuel Tax Credits Scheme

33. The VFF supports the continuation of the Fuel Tax Credits Scheme which ensures businesses are not disadvantaged by paying excise on the off-road use of diesel in the production of goods and services.
34. The VFF believe the Fuel Tax Credits Scheme should remain as a rebate system to help maintain administrative efficiency.

Agricultural Workers

35. The VFF supports consideration and examination of the appropriateness of tax incentives to entice people to live and work in rural and regional Australia including, exemptions, concessions and zoning taxation whereby people living a certain distance from the metropolitan areas would gain a tax advantage.

Grants and Subsidies

36. The VFF opposes all tax on income that has come in the form of a grant or subsidy from government.

This policy should be read in conjunction with:

VFF Local Government Rates and Funding Policy Statement