



28 February 2014

Manager
Not-for-profit and Industry Tax Concession Unit
Small Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

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Dear Sir or Madam

SUBJECT: SUBMISSION ON EXPOSURE DRAFT LEGISLATION ON AMENDMENTS TO THE FARM MANAGEMENT DEPOSIT SCHEME

CPA Australia represents the diverse interests of more than 150,000 finance, accounting and business professionals in 121 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders.

Against this background we provide this submission concerning the exposure draft legislation and accompanying explanatory materials concerning the proposed amendments to the Farm Management Deposit (FMD) scheme which issued on 12 February 2014.

As an overarching comment we believe it imperative to Australia's future economic prosperity that our regulatory framework encourage entrepreneurial and viable long-term investment in primary production especially as we seek to leverage new trading opportunities in emerging overseas markets.

Accordingly, we commend the Federal Government for progressing the proposed amendments to the FMD scheme as it is imperative that primary producers have access to a robust regulatory regime which enable them to effectively manage fluctuating cash flow and tax liabilities given the often volatile markets in which they trade.

In our view the proposed efficacy of the FMD regime will be further enhanced by the proposed amendments to increase the non-primary production income threshold from \$65,000 to \$100,000 as it should enable more individual primary producers to potentially participate in the scheme.

We similarly believe that the proposed amendment allowing a primary producer to withdraw and immediately re-deposit funds without any income tax consequences where those amounts have been held as a FMD for over 12 months is beneficial as it will allow individual primary producers to consolidate their various deposits and realise cost savings.

If you have any questions regarding the above, please contact Mark Morris, Senior Tax Counsel, on (03) 9606 9860 or via email at mark.morris@cpaaustralia.com.au.

Yours faithfully

A handwritten signature in black ink that reads 'Paul Drum'.

Paul Drum FCPA
Head of Business and Investment Policy

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