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EMISSIONS INCENTIVES

Tax break for farms driving carbon cuts

By **DAVID JOHNSTON**

FARMERS who generate income from carbon reducing practices on their land are poised for a financial windfall from a tax concession to be confirmed in next week's federal Budget.

In an early return for the National Party agreeing to the Coalition's commitment late last year to net zero emissions by 2050, farmers will receive

\$100 million over the next four years under the changes starting on July 1.

They can treat revenue from the sale of Australian Carbon Credit Units as primary production income which in turn provides access to income tax averaging arrangements and the Farm Management Deposit scheme.

One carbon credit is equal to one tonne of carbon dioxide stored or avoided on a particular initiative and can be sold or traded.

The treatment of biodiversity certificates, which allow farmers to log an increase in land value from environment friendly improvements, are also aligned with the new tax regimen.

Federal Agriculture Minister David Littleproud said the changes would have a two-fold benefit.

"It will further encourage carbon abatement and biodiversity activities, while providing primary producers with a diversified source of on-farm income," Mr Littleproud said.

"This is a commonsense approach to incentivise farmers to get more for carbon farming,



Carbon incentives:

Federal Agriculture Minister David Littleproud says new tax treatments will encourage emissions reductions.

but to also be part of the solution and of us reducing our emissions and meeting our international commitments.

"We are trying to put more money in farmers' pockets, not in those carpetbaggers that come from the city that come in and take all the landscape, take all the income and go back to the city."

Industry Minister Angus Taylor said the changes meant more farmers would take part in the Emissions Reduction Fund and earn revenue from ERF projects.

"The Government is ensuring Australian farmers are rewarded for bringing down emissions," Mr Taylor said.

"The new tax changes mean farmers will get an even greater benefit from the income they earn selling ACCUs."

The National Farmers' Federation welcomed the pre-budget announcement.

"The correction will allow income from these 'non-traditional' commodities to receive similar treatment under a farmers' tax arrangements including income averaging, and access to Farm Management Deposits," NFF chief executive Tony Mahar said.

"It is also expected to clarify the timing of bringing the income to account, which is preferred to be when it is priced, not before."