

As an accountant working predominantly in the Wimmera farm business space, my thoughts as to the impact and ramifications associated with integrating a wind farm lease to farm businesses or farm land holdings, are in part prejudiced by my experience as a farmer myself in this region and a resident of Gre Gre where there is no appetite to see windfarms. That being said, those being propositioned to have their land used as part of a windfarm development should know fully the implications of doing so and obtain objective and relevant advice outside of the influence of the proposers.

The need to read and understand fully the documentation before signing anything cannot be understated.

Your own tax circumstance is unique to yourself and you should receive advice specific to you. The income received from lease arrangements, is generally passive and non primary production. As a result it is typically taxed at your marginal rates, not average rates, and not able to be managed through Farm Management Deposits. Marginal rates are determined by your overall income level but in short anyone earning over \$45k pays 32% plus Medicare up to \$120k, 37%+Medicare up to \$180k and 45%+ Medicare of at least 2% over \$180k.

Unless you change the underlying ownership of the land, the lease income is paid to the owner/s. There is opportunity to restructure the ownership to a lower taxed entity however any change to ownership will trigger a Capital Gains Tax (CGT) Event. Similarly any legal assignment of the lease right is a disposal of a separate income stream asset and also a CGT Event, although as a passive asset, it may not be able to be mitigated under the Small Business CGT concessions.

Whether a CGT event is taxable and to what extent will depend on the individual circumstances.

Obviously, the income generated from a small amount of land can provide stability, retirement income and/or farm cashflow in tight years however this must be weighed up with the inherent risks, potential property devaluation, insurance limitations and restrictions on future disposal in determining whether what is being offered represents value to your family and business.

There are multiple other tax, business, succession planning and personal implications in considering windfarms as an option for your farm which means full research, obtaining advice and understanding before signing anything is crucial.

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