

**From Margaret Lehmann
PO Box 315
TANUNDA SA 5352**

**Non-Forestry Managed Investment Schemes
Taxation Review Submission : Grapes:**

I am making this submission as a resident of and grape grower in the Barossa where we have a couple of prominent MIS grape schemes which are causing great concern.

**Wine Industry Overview and Outlook
Grape over supply**

Australia is in a situation of grape over supply. The wine Grape Council of SA Newsletter No2, June 2008 states:

1. "The industry has repeatedly stated that it requires around 1.6 million tonnes of wine grapes per year, at most to meet current demand and projected growth.
2. In 2006 the vintage yielded 2.1 million tonnes and a 500,000 tonne surplus causing prices to collapse"

Due to drought, frost and other major weather events the 2007 vintage generated 1.42 million tonnes. This had the effect of some what depleting the huge surpluses in storage in the wineries.

The 2008 harvest produced 1.83 million tonnes, over 200,000 tonnes more than the estimated requirements for current demand and projected growth.

MIS Schemes are still seeking investors and seeking to plant.

The Review Questions:

**Are these MIS purely tax driven?
Barossa Vines Ltd. www.barossavines.com**

The website of the above MIS has as one of its key selling points that" Investment in the Project is 98% tax deductible on subscription and 100% deductible over the life of the Project, where a single interest is subscribed for and those Growers enter the Simplified Tax System."

It also states that "Investment is easy with a credit card facility or interest free instalment plan. Vinelots can be secured with a 20% deposit and balance payable over 12 months – interest free. Terms Finance is also available."

The lure of this scheme is the emphasis on tax deductibility.

This means that in effect we other tax payers are subsidising excess plantings.

MIS Schemes under-pinned by tax deductibility throws industry out of balance