

# **Submission**

## **Non Forestry Managed Investment Schemes:**

### **Background:**

We are a family business producing pome fruit (apples/pears) and stone fruit (apricot, peach and nectarines) in the Goulburn Valley, Victoria since the 1880's.

In this submission we write in reference to MIS schemes in the Goulburn Murray Valleys which have a long history in horticultural production particularly in those varieties mentioned above.

### **Section 23:**

#### **Do MIS have a tax advantage.**

In our opinion MIS do have a tax advantage. The MIS setup enables members majority tax deductibility for their contributions even in the early stages of the project when the majority of the expenditure is on generally non tax deductible capital infrastructure (ie trellising, tree purchase etc).

As mentioned in section 48 of the issues paper, it is possible for individual farmers to set up similar funding arrangements to enable individual farmers to fund new projects with the same tax deductibility.

However, Section 48 of the Issues Paper also states that the cost of this would be substantial, effectively preventing standard industry sized farmers from setting up such an arrangement.

Often these individual farmers are leading edge farmers, utilising the most innovative and current technology, who have already achieved scale of economy, and who are often running their businesses with world's best practice – therefore it is difficult to see that a MIS would perform any better than the progressive farmer.

These farmers are simply looking for a way to fund their new infrastructure developments (whether it be their own capital, or standard bank finance etc) with the same tax deductibility on infrastructure that a MIS is able to achieve – thus creating a level playing field between individual farmers and MIS in relation to taxation.

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