

Submission to the Agricultural Competitiveness Green Paper Taskforce.

A company can claim prior losses as a tax deduction if it satisfies the Continuity of Ownership test or the Same Business Test.

This is only open to companies or trusts. Partnerships are not eligible as the benefits flow to the individual partners.

It should therefore be possible for an individual grazier who has dealt with and is still dealing with this bank, to sell his accumulated losses to the bank to reduce his debt.

This would require a change in legislation as the bank is not in the business of cattle grazing.

This is not an insurmountable problem.

Because of the length and severity of this drought, coming on the back of the live export shut down, it will be many years before most graziers will have a taxable income and therefore be in a position to use their accumulated losses.

By selling their losses to the bank to use as income tax deductions and thereby improving their equity, graziers will be paying tax much earlier than would otherwise be the case.

Therefore, nobody loses and the individual grazier, the businesses he deals with and the industry in general all benefit.

If this was made possible as a matter of urgency it would be of immense benefit to a vast number of graziers who are in serious financial trouble, largely not of their own making.

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