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The Board of Taxation  
C/- The Treasury  
Langton Crescent  
PARKES ACT 2600

TO WHOM IT MAY CONCERN

Please find below my submission with regard to capital gains tax impeding the ability of small business, particularly primary producers, from being able to implement succession plans.

I would like to bring to your attention a considerable problem that is happening to family farms at this very moment. I am talking about succession of family farms to the next generation. At present, the thresholds are:

- A turnover of less than \$2m or assets less than \$6m is what is classed as a small business for capital gains tax purposes.

With three sons returning to the farm, if my turnover was less than \$2m I would not be able to support these families plus myself and my wife. In other words, I would be putting them on a starvation block, in no uncertain terms, unviable. My wife and I have worked to be able to establish these future family farmers on a sustainable living area only to find capital gains tax will ruin this reality.

Speaking with other farmers of similar age to myself, with the younger generation taking over, they are feeling greatly hampered by these rules as the only way to avoid paying capital gains tax is to either die, allowing the tax to remain on the property until the next generation, or sell and pay the tax and buy a smaller, less viable property.

I feel this is very much a rural problem and a fair way is to allow the tax to be void when changing hands in family succession. This is already the case with stamp duty on intergenerational property transfer in New South Wales.

Another option would be to bring capital gains tax in line with other definitions of small business and change the turnover to less than \$10m.

I am sure this is a ticking time bomb and is very restrictive to allowing the next generation the chance to take over ownership of a viable rural property. With the average age of farmers being reported as mid 50's this can only increase the average age as viable farmers will not be able to transfer their property onto the next generation until they die.

In our case, we have strived to achieve viable properties for our sons and their families, so they can stand on their own two feet in times of drought such as at the present time without having to ask for handouts from the Government.

Please consider this growing issue and if I can be of any further assistance I would greatly appreciate the opportunity to explain further from a personal point of view.

We have already contacted our local member, The Hon Mark Coulton MP and the then Treasurer, the Hon Scott Morrison MP who replied and forwarded your current review details.

Yours sincerely

Ben Nicholls