

**From:** RICHARD APPLETON [APPLETON4@bigpond.com]

**Sent:** Wednesday, 23 February 2005 4:45 PM

**To:** Board of Taxation

**Subject:** Richard Appleton capital gains letter

Richard Appleton  
"Edgewood"  
P.O Box 35  
Balmoral vic 3407

Dear Board of C.G.T review,

Whilst reading the tax section of the "Warrnambool Standard" I became aware of a clarification of a capital gains law in relation to leasing farm land at the end of a farmers occupation.

This law is closing a vital pathway into farming which helped most farmers onto the land. With the average age of farmers at 60+ this legislation stands to decimate farming or if changed could help fill the void left from the baby boomers.

The article stated that the Tax Department does consider the sale of a farmers land which had been leased out for a period of more than 12 months as the sale of an investment rather than a business. The business rate of capital gain being 25% and the investment rate being 50%. Obviously pre 1985 capital gains doesn't exist but that is nearly 20 years ago or the business life of some farmers.

With the current land boom due to blue gums and the mine in our area the last property in our district sold for \$ 1200 per acre and this property didn't have a home on it. I knew the vendor and also know he paid about \$ 300 per acre for it. The option to lease before he sold would have cost him 25% of \$ 900 or \$ 225 per acre, not an option by any standards.

Leasing land in the capital rich environment of agriculture is an absolute necessity. Young farmers can build flocks herds and equity. It gives them an opportunity to develop skills in business as well as hands on running of farms they are not familiar with, forcing them to think for themselves and become open minded farmers for the future.

From my passion you no doubt can tell I would not have been able to buy out my Mother when my parents divorced without my off farm leasing. Our family farm would have been sold up. Instead I have my farm running well and will continue to build for the next generation.

This law is ridiculous and wont be making more money for the Government coffers because it is such a penalty of vendors to lease that nobody will be doing it.

I would like farmers who have farmed their land for more than five years to be able to lease their land for up to ten years at a business rate of capital gain. I think this is a good compromise and very importantly provide opportunity for young farmers to develop.

Yours faithfully

RICHARD APPLETON