

## Article Information

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## FMD scheme changes enacted this week

**The FMD scheme is an income equalisation scheme available to primary producers.**

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Under the FMD scheme, an individual carrying on a primary production business is able to deduct from their assessable income an amount (subject to a cap) deposited into a “farm management deposit” account. The effect of the deposit is to defer bringing the amount deposited to tax in the year the deposit is made. When all or part of the deposit is withdrawn, the individual then includes the withdrawn amount in his or her assessable income. The purpose of the scheme is to allow primary producers to better deal with fluctuations in cash flows resulting from climate and market variability.

On Monday 2 June the Government enacted three changes to the Farm Management Deposit Scheme, as follows:

- Allowing taxpayers to consolidate multiple FMDs that they might hold with different banking service providers.
- Raising the non-primary production income threshold from \$65,000 to \$100,000.
- Limiting the rules in the Banking Act for unclaimed moneys to prevent them applying to FMDs.