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## Taxation of payments under the Box Gum Grassy Woodland Project

There are tax implications for landowners who receive Box Gum Grassy Woodland Project payments.

It is a good idea to seek independent financial advice before submitting a bid under the Project. It is also sensible to discuss whether to enter into a conservation covenant with other family members. Every landowner's situation is different and they need to make sure it is the right thing for them.

### Are payments subject to income tax?

All Box Gum Grassy Woodland Project payments are subject to income tax.

### Are there any special income tax concessions available for conservation covenants?

Yes. Some programs are approved conservation covenant programs under the *Income Tax Assessment Act 1997*. This means that if landowners enter into a perpetual conservation covenant and do not receive any money, property or other material benefit, they may be allowed a special income tax deduction.

Not everyone is eligible for this concession. It is recommended that landowners talk to the Australian Tax Office (ATO) and/or seek financial advice to see if they meet the eligibility criteria.

Further information about this concession is in the ATO fact sheet on conservation covenant concessions, or phone the ATO on:

☎ 13 2866

ATO website on conservation covenant concessions:

☎ [www.ato.gov.au/content/19507.htm](http://www.ato.gov.au/content/19507.htm)

### Are there capital gains tax implications?

Yes. If land owners enter into a conservation covenant, there are capital gains tax implications, whether or not they receive any money, property or other material benefit on entering the covenant.

### Do the capital gains tax concessions also apply?

Yes. If a landowner makes a capital gain under the conservation covenant, the general capital gains tax discount also applies unless the covenant is entered into by a company that owns the land. If the land owner meets certain other criteria, the capital gain may be further reduced by other capital gains tax concessions including the:

- small business 15 year exemption
- small business 50% active asset reduction
- small business roll-over
- small business retirement exemption.



For more information about capital gains tax please talk to the ATO or see their publications Guide to capital gains tax and Guide to capital gains tax concessions for small business.

KEY CONTACTS	
AREA OF INTEREST	CONTACT
CONSERVATION COVENANTS – INCOME TAX DEDUCTIONS AND CGT CONCESSIONS	<b>AUSTRALIAN TAXATION OFFICE</b> <b>PHONE:</b> 132 866 <b>EMAIL:</b> npc-nationaloffice@ato.gov.au <b>WEB:</b> www.ato.gov.au (type 'Conservation Covenants' or 'small business concessions', as appropriate, into the search engine)
CONSERVATION COVENANTS – TAX INCENTIVES	<b>DEPARTMENT OF THE ENVIRONMENT, WATER, HERITAGE AND THE ARTS</b> <b>EMAIL:</b> ciu@environment.gov.au <b>WEB:</b> www.environment.gov.au/biodiversity/incentives/index.html
VALUATION OF PROPERTY	<b>AUSTRALIAN VALUATION OFFICE, PHILANTHROPY PROGRAM</b> <b>PHONE:</b> (02) 6229 3420 or (08) 8198 1900 <b>WEB:</b> www.avo.gov.au



▲ White box grassy woodland (Photo: Paul Ryan)