



Australian Government

THE TASMANIAN COMMUNITY FOREST AGREEMENT

FOREST CONSERVATION FUND



Fact Sheet 4: Taxation of payments under the FCF

As every landowner's situation is different it is highly recommended that you seek independent professional advice before entering into a Conservation Covenant.

Are payments under the Forest Conservation Fund (FCF) subject to income tax?

Yes. However, some part or all of the payments you receive are subject to capital gains tax (CGT) treatment. CGT treatment applies to payments in respect of a Conservation Covenant you enter into.

Are there any special income tax concessions available?

Yes. If you enter into a perpetual Conservation Covenant under the FCF, specific Conservation Covenant concessions are available. The FCF has been approved by the Australian Government Minister for the Environment and Water Resources as an approved Conservation Covenant programme for the purposes of the Income Tax Assessment Act 1997.

If you enter into a perpetual Conservation Covenant but do not receive any money, property or other material benefit for entering into the covenant, you may be entitled to a special income tax deduction.

For more information about these concessions see the Australian Taxation Office (ATO) fact sheet Conservation Covenant concessions, see contact details below.

Do the general CGT concessions also apply?

Yes. If you make a capital gain under the Conservation Covenant concession, the general CGT discount also applies for landowner entities that are eligible for the discount.

If you meet certain other criteria, the capital gain may be further reduced by the small business CGT concessions including:

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

For more information about CGT see the ATO publications Guide to capital gains tax and Guide to capital gains tax concessions for small business which are available from the ATO, see contact details below.

What other tax concessions are available?

If you would prefer to donate land rather than enter into a Conservation Covenant, there are tax incentives for gifts to eligible environmental organisations, information is available from the contact details overleaf.

More Information and Contacts

Area of interest	Contact
General FCF information	<p>FCF Service Provider</p> <p>Phone: 1300 854 456</p> <p>Email: fcf@environment.gov.au</p> <p>Web: www.environment.gov.au/land/forestpolicy/fcf</p>
Conservation Covenants - income tax deduction and CGT concessions	<p>Australian Taxation Office</p> <p>Phone: 132866</p> <p>Email: npc-nationaloffice@ato.gov.au</p> <p>Web: www.ato.gov.au (type 'Conservation Covenants' or 'small business concessions', as appropriate, into the search engine)</p>
Conservation Covenants - tax incentives	<p>Department of the Environment and Water Resources</p> <p>Phone: 1800 803 702</p> <p>Email: ciu@environment.gov.au</p> <p>Web: www.environment.gov.au/biodiversity/publications/fact-sheets/incentives.html www.environment.gov.au/biodiversity/incentives/index.html</p>
Donations - General information	<p>Australian Taxation Office</p> <p>Web: www.ato.gov.au/content.asp?doc=/content/34493.htm</p> <p>Department of the Environment and Water Resources</p> <p>Web: www.environment.gov.au/biodiversity/publications/fact-sheets/incentives.html www.environment.gov.au/biodiversity/incentives/index.html</p>
Donations - Register of Environmental Organisations	<p>Department of the Environment and Water Resources</p> <p>Register of Environmental Organisations</p> <p>Phone: (02) 6274 2436</p> <p>Email: reo@environment.gov.au</p> <p>Web: www.environment.gov.au/tax/reo/index.html</p>
Valuation of property	<p>Australian Valuation Office</p> <p>Philanthropy Programme</p> <p>Phone: (02) 6229 3420 or (08) 8198 1900</p> <p>Web: www.avo.gov.au</p>
Taxation legislation	<p>The Income Tax Assessment Act 1997 can be viewed at http://scaleplus.law.gov.au</p> <p>The Explanatory Memorandum to the Conservation Covenant provisions can be viewed at http://law.ato.gov.au/atolaw/index.htm</p>