



## **Farm Household Support Minister's Rule 2014**

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I, Barnaby Joyce, Minister for Agriculture, make the following rule.

Dated 29 May 2014

Barnaby Joyce  
Minister for Agriculture

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## Part 1—Preliminary

### 1 Name of rule

This rule is the *Farm Household Support Minister's Rule 2014*.

### 2 Commencement

This rule commences at the same time as section 3 of the *Farm Household Support Act 2014* commences.

### 3 Authority

This rule is made under the *Farm Household Support Act 2014*.

### 4 Definitions

In this rule:

*Act* means the *Farm Household Support Act 2014*.

*professional body* means a body that has the following characteristics:

- (a) its members practise the same profession;
- (b) it has enough membership to be considered representative (but not necessarily solely representative) of the profession practised by its members;
- (c) it sets its own admission requirements, including acceptable qualifications;
- (d) it sets standards of practice and ethical conduct;
- (e) it aims to maintain the standard of the profession practised by its members;
- (f) it has written rules, articles of association, by-laws or codes of conduct for its members;
- (g) it has the ability to impose sanctions on members who contravene the body's written rules, articles of association, by-laws or codes of conduct;
- (h) it is not conducted for profit.

### 5 Meaning of *prescribed adviser*

- (1) For the definition of *prescribed adviser* in subsection 5(1) of the Act, a person who meets the requirements of this section is a prescribed adviser.

*Prescribed advisers*

- (2) A person is a prescribed adviser if:
  - (a) the person has relevant financial qualifications; and
  - (b) the person is a member of a professional body whose members normally provide financial advice.

Note: For paragraph (a), an example of a relevant financial qualification is a qualification:

- (a) from a tertiary institution in a field that is relevant to giving financial advice; and

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- (b) that is recognised by a professional body whose members normally give financial advice.

## Part 2—Farm household allowance

### 6 Rate of farm household allowance—allowable deductions from ordinary income generally

For subsection 67(2) of the Act, an amount incurred by a person that would, under section 1075 of the Social Security Act, reduce the person's ordinary income for a tax year is an allowable deduction from the person's ordinary income for the tax year.

### 7 Rate of farm household allowance—allowable deductions from off-farm income

- (1) For subsection 67(2) of the Act, an amount incurred by a person in the following circumstances is an allowable deduction from the person's off-farm income for a tax year:
- (a) the amount is interest payable during the tax year by the person, or the person's partner, in relation to a loan made on a commercial basis from another person (the *lender*);
  - (b) the amount is payable under a written contract:
    - (i) that came into effect at least one year before the relevant claim (see subsection (3)); and
    - (ii) that the Secretary is satisfied cannot be renegotiated to reduce the amount of interest payable during the tax year;
  - (c) the lender offers loans on a commercial basis;
  - (d) the lender is independent from:
    - (i) the person; and
    - (ii) if the person is a member of a couple—the person's partner;
  - (e) the lender does not have any right or interest in:
    - (i) the farm; or
    - (ii) any asset that is owned by the person, the person's partner or the relevant farm enterprise;
  - (f) the loan is secured by a farm asset of the relevant farm enterprise;
  - (g) the ordinary income of:
    - (i) the person; or
    - (ii) the person's partner;
 from the relevant farm enterprise for the year (worked out in accordance with section 67 of the Act, section 6 of this rule and the Social Security Act) is less than zero.

#### *Meanings of off-farm income and relevant claim*

- (2) A person's ordinary income is *off-farm income* if the person does not earn the income from the relevant farm enterprise.
- (3) The *relevant claim* is the claim for farm household allowance by:
- (a) the person (unless paragraph (b) applies); or

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- (b) if the person's ordinary income is being worked out for the purposes of working out the rate of farm household allowance of the person's partner—the partner.

*Rules relating to the amount of the allowable deduction*

- (4) The amount of the allowable deduction is (subject to subsection (5)) the lesser of:
  - (a) the amount by which the ordinary income referred to in paragraph (1)(g) is less than zero; and
  - (b) the amount of the interest payable by the person, or the person's partner on the loan during the tax year.
- (5) The maximum amount of the person's allowable deductions, and the allowable deductions of the person's partner, under this section for a tax year is \$80 000.

*Limitation on reductions*

- (6) Only one person may reduce his or her ordinary income by a particular amount of an allowable deduction under this section.

Note: For example, in a case where interest of \$30 000 is payable by a farmer and the farmer's partner during a tax year on a loan covered by subsection (1), the effect of subsection (6) is that the total of the amounts by which the farmer and his partner reduce their off-farm income must not exceed \$30 000.



## **Part 3—Activity supplement**

### **8 Maximum amount of activity supplement**

For paragraph 82(1)(a) of the Act, \$3 000 is the maximum amount of activity supplement.

Note: The amount of activity supplement payable to a person for an activity is the lowest of the maximum amount prescribed by these rules, the cost of the activity, or the remaining balance of the person's activity supplement—see subsection 82(1) of the Act.

## **Part 4—Farm financial assessments**

### **9 Maximum amount of farm financial assessment supplement**

For paragraph 89(a) of the Act, \$1 500 is the maximum amount of farm financial assessment supplement.

Note: The amount of farm financial assessment supplement is the lesser of the maximum amount prescribed by these rules and the cost of the farm financial assessment—see section 89 of the Act.