



# Conservation tillage refundable tax offset

The Australian Government is committed to addressing climate change and reducing Australia's carbon pollution. As the land sector contributes almost a quarter of Australia's total greenhouse gas emissions, it will be important for the sector to be a part of our national climate change response.

The Clean Energy Future package will encourage the use of conservation tillage farm equipment, by providing a refundable tax offset for 15 per cent of the cost of an eligible conservation tillage seeder. Changing tillage practices can reduce emissions from fuel use, reduce carbon emissions from soil disturbance and improve farm productivity. This measure is part of a \$1.7 billion land sector package funded by revenue from the carbon price.

## The conservation tillage refundable tax offset

The conservation tillage refundable tax offset is designed to support the use of conservation tillage farm equipment to reduce carbon emissions from soil disturbance. The measure will provide a refundable tax offset for 15 per cent of the cost of an eligible seeder that was installed and ready for use between 1 July, 2012 and 30 June, 2015. The list of eligible seeders is provided in Box 1.

## Changing tillage practices to reduce greenhouse gas emissions

Conservation tillage practices aim to reduce soil disturbance, resulting in fewer carbon emissions. They also reduce carbon emissions from fuel use, as the number of tillage passes (that is, the number of times the tractor and cultivation equipment till the field) is reduced. This is because conservation tillage seeders sow seeds and fertiliser into untilled soil during a single pass of the field. Conventional tillage practices involve multiple tillage passes (usually three or more) prior to planting with machinery that produces full soil disturbance.

## Why a refundable tax offset, not a tax deduction?

A refundable tax offset will provide an immediate benefit to primary producers operating in a loss position, resulting in the producer receiving a payment of 15 per cent of the cost of equipment, regardless of their income level.

## The requirement to participate in research

To be eligible for the offset, landholders must participate in research by completing a conservation tillage survey relating to farming practices and climate change. The survey must be completed in the same income year that the equipment is installed. Once the survey has been completed, the producer will receive a research participation certificate.

The survey will collect information around the use of the seeding equipment and associated benefits, as well as information relating to current farming practices and soil management. The survey will not require soil carbon

testing, but will seek information about soil condition and management, including the extent to which soil testing is used.

The information collected in the survey will be used to create a data set that may be used for further agricultural research.

As part of the conservation tillage survey, landholders may agree to be approached regarding additional research activities at a later time. Participating in additional research activities is not a requirement to claim for the conservation tillage offset. Declining to be involved in additional research activities will not lead to a requirement for the landholder to pay back the amount of the conservation tillage offset.

## Applying for a research participation certificate

The Department of Agriculture, Fisheries and Forestry will conduct the conservation tillage survey and issue research participation certificates to landholders that complete it. More information about the conservation tillage survey and how to apply for a research participation certificate is available at: [www.daff.gov.au/climatechange/carbonfarmingfutures/rto](http://www.daff.gov.au/climatechange/carbonfarmingfutures/rto)

## Claiming the offset

The conservation tillage offset is administered by the Australian Taxation Office. This means that a taxpayer can claim the offset when they fill out their income tax return for the income year the seeder is installed. The offset is available in the 2012-13, 2013-14 or 2014-15 income years. As with claims for other deductions and offsets, primary producers will need to hold evidence of the purchase, which clearly identifies the type of equipment that has been purchased.

Primary producers must also hold a research participation certificate from the Department of Agriculture, Fisheries and Forestry to be eligible to apply for the offset. The research participation certificate certifies that the landholder has completed a conservation tillage survey. More information about the conservation tillage refundable tax offset is available at:

[www.ato.gov.au](http://www.ato.gov.au)

[www.daff.gov.au](http://www.daff.gov.au)

## Further information

For further information on the conservation tillage refundable tax offset call 1800 108 760.

For further information on the Clean Energy Future package, go to: [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au) or call 1800 057 590.

### Box 1: The eligible equipment list for the conservation tillage refundable tax offset

An eligible no-till seeder is a no-till seeder (comprising the combination of cart and tool) that is:

- (a) a tine machine fitted with minimum tillage points designed to achieve minimum soil disturbance and less than full cut-out; or
- (b) a disc opener with single, double or triple disc blades designed to achieve minimum soil disturbance and less than full cut-out; or
- (c) a disc/tine hybrid machine fitted with:
  - (i) single, double or triple disc blades designed to achieve minimum soil disturbance and less than full cut-out; and
  - (ii) minimum tillage points designed to achieve minimum soil disturbance and less than full cut-out; or
- (d) a disc/blade hybrid machine fitted with:
  - (i) single, double or triple disc blades designed to achieve minimum soil disturbance and less than full cut-out; and
  - (ii) blades designed to achieve minimum soil disturbance and less than full cut-out.

For the purposes of paragraph (a) and subparagraph (c)(ii), each of the following points are taken to be minimum tillage points designed to achieve minimum soil disturbance and less than full cut-out:

- (e) narrow points;
- (f) knife points;
- (g) inverted "T" points.

Source: *Clean Energy (Consequential Amendments) Act 2011*