31 July 2026

Assistant Secretary
Individuals and Indirect Tax and Superannuation Division
The Treasury
Langton Crescent
Parkes ACT 2600

Via: mintaxtrusts@treasury.gov.au

To Whom It May Concern,

Re: Minimum tax on discretionary trusts consultation

GrainGrowers welcomes the opportunity to provide this submission to The Treasury consultation on minimum tax on discretionary trusts.

GrainGrowers is a national organisation, driven by its vision: “Thriving Australian growers in vibrant communities.” Australian growers are at the heart of all that GrainGrowers does. Guided by grower insights and on-farm experience, GrainGrowers is delivering best practice, future-focused advocacy and development initiatives for the benefit of the grain industry and regional communities.

There are 24,000 grain farm businesses in Australia, which contribute an estimated $23 billion in gross value of production per year to the Australian economy[1]. Australian farms provide 88% of our domestic food supply, employing more than 34,000 people on farms alone[1].

It is therefore vitally important that The Treasury ensures taxation settings support viable primary production businesses. Australian Tax Office data[2] demonstrates that approximately 92% of agricultural business income earned through associated trusts is derived from primary production, and approximately 71% of trusts report net primary production income.

In response to the consultation paper, GrainGrowers:

- Supports the primary production income exemption and this setting being maintained.
- Requests that The Treasury:
    - Considers non-traditional primary production income generated by farm trusts, noting that farm business income streams may be diversified for some operations that have expanded to non-traditional primary production activities.
    - Ensures that primary production exemptions continue to operate as intended for the benefit of the agriculture sector.
- Seeks confirmation that exempt primary production income will retain its character as it flows via distributions, through subsequent trust, partnership, company and individual tax returns.

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[1] Source: GrainGrowers (www.graingrowers.com.au)
[2] Source: National Farmers Federation

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1. Primary production income exemption

The exemption of primary production income from the minimum tax is supported by GrainGrowers.

It is necessary that The Treasury ensures no modifications to the existing primary production concessions, including the current treatment of Farm Management Deposits and Australian Carbon Credit Unit incomes as noted in the consultation paper.

GrainGrowers understands that there are some farm income streams that are excluded from the current definition of primary production income and may therefore be subject to the proposed minimum tax. Examples of these income streams include (and are not limited to):

- Farmland leasing.
- Natural capital and biodiversity.
- Transmission line, easement, and infrastructure payments.
- Telecommunications infrastructure.
- Hosting renewable energy infrastructure.
- Agritourism.
- Value-added products, processing and manufacturing.

Non-traditional farm income streams are playing an increasingly important role in supporting the financial resilience of farm businesses by diversifying revenue sources and reducing exposure to income volatility that can arise from events such as natural disasters and extreme weather, including drought. Successive governments have supported farmers building resilient and diversified income streams in addition to traditional agricultural income. As such, it is necessary for The Treasury to consider the evolving nature of farm income streams. However, concessions for primary production should not be extended to entities that are not bonafide primary production business that may seek to claim concessions. This will support The Treasury and industry to work together to ensure the exemption operates as intended.

2. Treatment of primary production income

GrainGrowers seeks that The Treasury confirms that exempt primary production income will retain its character through distribution to, and interaction with, business financial structures.

Primary production businesses often operate through combinations of different structures that support succession planning, asset protection, and the livelihoods of family members employed by family-owned farm businesses. If primary production income loses its exemption treatment through any distribution from discretionary trusts, the exemption in essence would not be applied by the Australian Government.

It is necessary that The Treasury ensures there is no inadvertent loss of the exemption through the characterisation of primary production incomes and its distribution and interaction with other financial structures, by ensuring that the exemption follows the income and not the entity.

Should there be any change to how primary production income is treated that removes the exemption of primary production income, it is likely that farming businesses may need to restructure even though there would be no change to the farming activities from which primary production income is generated. This also risks the potential for identical primary production businesses receiving materially different tax outcomes because of their structure, which would undermine the intended operation of the exemption.

3. **Rollover relief**

GrainGrowers supports partial rollover relief where non-primary production assets are rolled into a company. This will support the objective of the reform to operate as intended, while maintaining the tax settings recognised as being necessary for primary production businesses.

GrainGrowers appreciates the consideration of this submission by The Treasury. Should you wish to discuss this submission further, please contact Mr. Ashley Cooper, Advocacy and Rural Affairs Manager, via email (Ashley.Cooper@graingrowers.com.au) or phone (0403 409 378).

Yours sincerely,

Zachary Whale
General Manager, Policy and Advocacy