

18 August 2011

Repeal of gift duty significant win for Federated Farmers

All members

After extensive lobbying by Federated Farmers, parliament passed the Taxation (Tax Administration and Remedial Matters) Bill on 17 August.

The Bill provides for the repeal of gift duty for gifts made on or after 1 October 2011, among other things.

Federated Farmers had strongly lobbied for the removal of gift duty and we submitted in favour of its repeal to the Finance and Expenditure Select Committee when it was considering the Bill.

Gift duty is an arcane and out-dated tax which raises very little revenue. It imposes considerable compliance costs and has been an impediment to farm succession from one generation to the next.

Gift duty's abolition is long overdue. Australia repealed gift duty and estate duty more than thirty years ago. New Zealand should have abolished gift duty in 1992 when estate duty was abolished and in 2001 when the McLeod Tax Review recommended its abolition.

However, we have now got it over the line. This change could well benefit you. To see how the repeal of gift duty will affect you and your farming business please contact your accountant or legal advisor.

For more information, please contact either your accountant or legal advisor.