

This document should be read in conjunction with the terms and conditions of Beyond Bank Term Deposits, outlined in our Product Guide, Fees and Charges booklet and Savings and Term Deposit Interest Rate Board. Together they form the terms and conditions that apply to Farm Management Deposits. To obtain a current copy of these documents, call in to your nearest branch, phone our Contact Centre on 13 25 85, or visit our website.

### 1. Special Terms and Conditions

#### 1.1. Purpose of Farm Management Deposit (FMD) scheme

The FMD scheme is designed to allow primary producers, with taxable non-primary production income of not over \$100,000, to shift before-tax income from years when they need it least to years when they need it most. The scheme helps primary producers manage their exposure to adverse economic events and seasonal fluctuations.

The scheme allows primary producers to deduct the amount of any deposit to an FMD Account from their assessable income for the income year in which the deposit is made. Withdrawals made from an FMD Account are then subject to tax in the year in which they are made.

The FMD Scheme is enacted under the *Income Tax Assessment Act 1997* and *Tax Administration Act 1953*. To be eligible for the FMD scheme and to maintain FMD status, primary producers and deposits must meet the criteria specified in these Acts and those outlined in these terms and conditions.

#### 1.2. Important requirements for farm management deposits

Federal Law states that the following terms and conditions must apply to your FMD Term Deposit for it to qualify as an FMD Account for the purposes of the FMD scheme. A breach of these special terms and conditions will result in the deposit, or some of the deposit, of your FMD Account not qualifying as an FMD, and the tax benefits being lost.

You must read this section carefully. To the extent that you control these, you must ensure the following special terms and conditions are complied with. Failure to comply with any of these conditions may result in the deposit, or some of the deposit, being taken not to be, and (if appropriate) never to have been, an FMD.

- You must be a primary producer when the deposit is made.
- Your non-primary production income must be less than \$100,000 in the financial year the deposit is made
- Your FMD Term Deposit account can be opened by only one person and on behalf of only one person. The account cannot be held jointly, or otherwise with any other person.
- The deposit must not be made:
  - (i) by a trustee of a trust estate on behalf of a beneficiary, unless the beneficiary is presently

- entitled to a share of the income of the trust estate and is under a legal disability; or
- (ii) otherwise by a person in his or her capacity as a trustee.

- A deposit made to your FMD must be \$1,000 or more up to a maximum balance of \$800,000.
- You can own more than one FMD, and can own FMDs with different providers, but the sum balances of all of the FMD accounts you own cannot exceed \$800,000
- Your rights as depositor in respect to your FMD are not, and must not be, transferable to another person.
- A charge or encumbrance must not be created over your FMD as security for any amount owed to us or any other person by you or any other person.
- Interest or other earnings on your FMD deposit must not be invested as an FMD with us without having first been paid to the depositor.
- To retain the taxation benefits, an FMD must be held for at least 12 months

In addition to the above, the following special conditions must apply to your FMD Term Deposit, and we will comply with them:

- We must repay your FMD if:
  - (i) you die;
  - (ii) become bankrupt; or
  - (iii) you cease to be a primary producer for at least 120 days.
- Except where the entire amount of your account is repaid by us, the amount of any repayment must be \$1,000 or more.
- At your written request, we must electronically transfer your FMD to another financial institution that agrees to accept it as a farm management deposit.
- We must not deduct any fees from the principal of a farm management deposit. However we may apply reduced interest if you withdraw the whole or part of the term deposit prior to maturity.

#### 1.3. Tax consequences of farm management deposits

Operating a FMD may impact your assessable income for taxation purposes. Therefore it is important that you seek your own independent tax advice prior to acquiring or operating an FMD.

You can deduct the amount of deposits made to your FMD Account in an income year from your assessable income for the year of the income if:

- you are the owner of the FMD made in the year of income.
- your taxable non-primary production income for the year of income is not more than \$100,000; and
- you did not during the year of income:
  - (i) become bankrupt; or

- (ii) cease to be a primary producer for 120 days or more (whether or not falling entirely within the year of income).

The taxation deduction that you claim must not exceed your taxable primary production income for the year of income.

Taxation benefits are not retained for deposits or part of deposits withdrawn in the first twelve months of the deposit being made, unless the withdrawal is made:

- because the owner:
  - (i) dies;
  - (ii) becomes bankrupt; or
  - (iii) has requested the deposit be transferred to another financial institution.
- If the owner has been affected by drought<sup>1</sup> and:
  - (i) have held their FMD for at least six months;
  - (ii) can demonstrate that an area of their farming property has been affected by a rainfall deficiency for six consecutive months.
- If the owner has received Category C recovery assistance following a natural disaster under the Natural Disaster Relief and recovery Arrangements<sup>2</sup>, and:
  - (i) have deposited the funds into an FMD account and claimed a tax deduction in their tax return for the previous financial year, prior to receiving any primary producer Category C measure recovery grant; and
  - (ii) withdraw the funds from the FMD account after first receiving the primary producer Category C measure recovery grant.

Taxation benefits are retained for any part of a deposit remaining after withdrawal in the first twelve months of the deposit being made if:

- It remains in the FMD account for at least twelve months; and
- The residual amount does not fall below \$1,000.

Withdrawals made twelve months after the date of deposit for which a deduction was claimed are considered to be assessable income. The withdrawal forms part of the instalment income for the instalment period under the Pay As You Go system.

If you have not quoted your tax file number or Australian Business Number with us, the amount withdrawn will also be subject to withholding at a rate equal to the sum of the top marginal tax rate and the Medicare levy.

Interest earned on an FMD is assessable in the year that it is earned.

### 1.4. Repayment of Deposit within first twelve months

If you withdraw all, or part of, the balance of your FMD Term Deposit within twelve months of the date it was deposited, the amount repaid will not, and will never have been, taken to be part of a FMD for the purposes of the FMD scheme unless:

- The repayment is required as a result of your death or bankruptcy;
- The repayment is the result of a written request by you to transfer all, or part, of your FMD Term Deposit to another FMD provider;
- The repayment is due to being impacted by drought and the primary producer meets the defined eligibility requirements<sup>3</sup>; or
- The repayment is due to a natural disaster and the primary producer meets the defined eligibility requirements<sup>3</sup>.

Product Features	
Available to:	Primary Producers Only
<b>Interest</b>	
Calculated daily	✓
Paid	At Maturity or 6 Monthly
Fixed/Variable	Fixed
Tiered/Stepped	Tiered
Payment method	Interest must be credited to another account with us.
Statement frequency	6 monthly

### 2. Specific Fees and Charges *Transaction fees and charges*

No service fees or transaction fees apply to FMD Term Deposits. Other fees and charges may be incurred when particular services are requested.

A fee may apply if you redeem your FMD Term Deposit prior to the maturity date. You should refer to the current Fees and Charges Booklet for general fees that may apply to Term Deposit Accounts.

Fees and charges incurred will be debited to another account you hold with us on or after the day we incur them or on or after the day the service or event to which the fee relates is requested by you or occurs.

### 3. Application of these terms and condition

If you are opening a new account these terms and conditions will apply immediately. Other terms and conditions, including those implied by law, apply. To the extent of any inconsistency, these terms and conditions shall prevail to the extent permitted by law. You should read all terms and conditions provided to you and ask us about any issues that concern you.

<sup>1</sup> This early withdrawal measure is not available to primary producers who are solely involved in the following industries:

- Commercial fishing, pearling and related activities (other than farming of aquatic animals);
- Felling of tress; and
- Transporting trees, logged by the transporter, to a mill or processing plant for milling or processing.

<sup>2</sup> Depositors should refer to the Income Tax Assessment Regulations 1997 for details of the Natural Disaster Relief and Recovery Arrangements Category C assistance.

<sup>3</sup> Further information is available through the Department of Agriculture and Water Resources website [www.agriculture.gov.au/fmds](http://www.agriculture.gov.au/fmds)

#### 4. How to open an account

Under Federal Law, we must verify the identity of all account holders, and anyone authorised to act for them. For us to do this you and anyone authorised to act for you must satisfactorily meet our customer identification process.

Depending on your business and/or structure you will be required to provide certain documents and information to us.

For information relating to the documents required, please contact any branch.

If you, or signatories to the account, are not identified in terms of our requirements, the account will be blocked for all withdrawals until the requirements are satisfied.

If you are an existing customer, or account signatory, identification requirements may have previously been satisfied so you don't need to provide the information again, unless you are asked to do so by us.

#### 5. Operating Your FM Term Deposit Account

##### 5.1. Authority for Account Operation

FMD Term Deposit Accounts can only be opened under an individual name. However, under specific circumstances, you can nominate a person, in writing, to operate your account on your behalf. Except where expressly provided, we can act at all times on the basis that the authorised operator or operators can act fully in all dealings, matters and transactions in respect of the account. You are responsible to us for all liability that is incurred as a result of operations on the account. If you wish to alter the account authorisation instructions, you must notify us in writing.

##### 5.2. Deposits

There is a minimum initial deposit of \$2,000 for the FMD Term Deposit Account.

##### 5.3. Combining Farm Management Deposits

A new FMD Term Deposit account will need to be established upon any request to combine any FMD Accounts you hold with us or another FMD provider. You need to have held the FMD accounts being combined for a minimum of 12 months before combining into a single FMD Term Deposit account. We recommend that you obtain independent tax advice before applying to combine FMD accounts.

You cannot make additional deposits to your FMD Term Deposit account during the term of this investment

#### 6. Withdrawing or Transferring Money

If you wish to withdraw all or part of the funds credited to your FMD Term Deposit account before its maturity date, you will require our agreement and will need to provide us with a notice period of 31 days. Any request must be made in writing. If we agree to an early withdrawal, then we will be entitled to reduce the interest rate payable on your account.

The money you leave in the account will continue to earn the interest rate originally agreed provided it meets the minimum balance requirements. If the amount

remaining after a partial withdrawal would be less than the minimum allowed for an FMD Term Deposit account, the whole balance must be withdrawn. No Interest adjustment will be made where an FMD Term Deposit account is repaid before maturity following the death of a depositor.

For all FMD Term Deposit accounts we must repay all deposits if you:

- Die;
- Become bankrupt; or
- Cease to be a primary producer for at least 120 days.

If you make a request to us in writing and provide us with any information and assistance that it requires, we must transfer the deposit in a FMD by electronic means to another FMD provider that has provided written advice that it agrees to accept the deposit as a Farm Management Deposit.

We may allow you to make withdrawals or debits to your account in other ways. If we do, we can impose further terms and conditions for those withdrawals or debit arrangements.

#### 7. Failure to Quote Your Tax File Number/ Australian Business Number

It is not compulsory to provide your TFN and it's not an offence if you decline to do so. However, in the event that you have not quoted your TFN or ABN to us, we will be required to deduct and remit withholding tax at the highest marginal rate plus Medicare levy on the interest earned, and withdrawals of principal amounts, in respect of your FMD Term Deposit account.

The processing time to deduct any withholding tax and credit the remaining funds from your total withdrawal amount will be up to two business days. The processing time of two business days also applies to any refund of withholding tax deducted from your account, when you subsequently supply your TFN in the same tax year it was deducted.

#### 8. Statements

We will issue statements for your FMD Term Deposit account and a record of investment will be issued at the time of opening your account. A statement will also be issued annually.

You must carefully review your statements so you are aware of the status of your account. If there are errors or unauthorised transactions shown on your statement, you must contact us as soon as possible.

Further information on the Farm Management Deposit Scheme can be found through the Department of Agriculture and Water Resources website:

[www.agriculture.gov.au/fmds](http://www.agriculture.gov.au/fmds)