



**Farm Management Deposit  
Product Disclosure Statement**

## Farm Management Deposit (FMD) (199)

### Product Disclosure Statement – containing Conditions of Use

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#### WHAT IS THE FARM MANAGEMENT DEPOSIT?

This account is a term deposit specifically designed for eligible primary producers. The farm management deposit scheme is designed to allow primary producers with a taxable non-primary production income of not over \$100,000 to shift before-tax income from years when they need it least two years when it is most needed. The scheme helps primary producers manage their exposure to adverse economic events and seasonal fluctuations. Eligibility criteria apply to primary producers under the scheme.

Specific terms and conditions relate to the operation of the account.

#### **IMPORTANT NOTICE ABOUT THIS PRODUCT DISCLOSURE STATEMENT**

This Product Disclosure Statement (PDS) is an important document that:-

- contains information about the Farm Management Deposit
- constitutes the conditions of use of the Farm Management Deposit

This PDS helps you to:

- decide whether the Farm Management Deposit will meet your needs
- compare this product with other financial products you may be considering.

You should read this PDS carefully before making a decision to open the Farm Management Deposit

**Please note that by opening an account you become bound by this PDS.**

**Please keep this PDS in a safe place so you can refer to it when needed.**

#### HOW TO CONTACT US

Visit us at any of our branches – visit our website at [regionalaustaliabank.com.au](http://regionalaustaliabank.com.au) for our branch details

- Phone us on 132067
- Write to us at  
P O Box U631 University of New England Armidale NSW 2351
- Fax us on 02 67760430

This PDS was amended in August 2016.

## **CODE OF CONDUCT**

The Customer Owned Banking Code of Practice will apply to you if you are an individual or small business.

*Please note that you can obtain a copy of the Customer Owned Banking Code of Practice on request or download it from our website [regionalaustaliabank.com.au](http://regionalaustaliabank.com.au).*

## **PRIVACY**

We have a Privacy Policy that sets out:

- Our obligations regarding the confidentiality of your personal information; and
- How we manage your personal information.

The Privacy Policy is available at [regionalaustaliabank.com.au](http://regionalaustaliabank.com.au) or can be provided in hard copy upon request.

## **FINANCIAL DIFFICULTY**

If you ever experience financial difficulty you should inform us promptly. The earlier you do so the sooner we can assist you with your difficulties.

## **GENERAL INFORMATION**

A FMD cannot become unclaimed moneys under the Banking Act.

## **IMPORTANT INFORMATION ABOUT FARM MANAGEMENT DEPOSITS**

### **REQUIREMENTS FOR FARM MANAGEMENT DEPOSITS**

Some of the requirements for farm management deposits are summarised below. There are also other requirements set out in the Income Tax Assessment Act 1936. A breach of some of the requirements will result in the deposit not being treated as a farm management deposit, and the tax benefits will be lost. It is your responsibility, as the depositor, to ensure that you always comply with these requirements.

The depositor must be a primary producer when the deposit is made.

The deposit must be made by only one person and on behalf of only one person.

The account can only be opened by a natural person and cannot be opened as a joint account.

This account can only be opened on trust for a beneficiary if the beneficiary is presently entitled to a share of the income of the trust estate and is under a legal disability, otherwise the account cannot be opened in the depositor's capacity as a trustee.

The minimum deposit threshold must be at least \$1,000 and the maximum deposit limit must be no more than \$800,000, at any time in any year of income.

A person can own more than one deposit, but the total of all must not be more than \$800,000 across all institutions.

For the amount to be eligible for tax benefits as a farm management deposit, it cannot be withdrawn for at least 12 months from the date it was first deposited as a farm management deposit. Term deposits may have a term less than 12 months but must remain as a farm management deposit for at least 12 months. However, for these purposes, a transfer of the deposit to another financial institution as a farm management deposit is not taken to be a withdrawal. You may be entitled to withdraw the funds within 12 months and still retain the tax deduction if your primary production business is in an area covered by an 'exceptional circumstances' declaration.

Rights of the depositor are not, and must not be transferable to another person.

The deposit must not be used as security for any amount owed to the financial institution or any other person by the depositor or any other person.

The deposit must not be used, as a mortgage offset account or otherwise, to reduce the depositor's liability to pay interest on other debts to the financial institution. It can be used to offset the interest cost on primary production business debt.

Interest or other earnings on the deposit must not be invested as a farm management deposit with the financial institution without having first been paid to the depositor.

If the depositor requests, the financial institution must electronically transfer the deposit to another financial institution that agrees to accept it as a farm management deposit.

The financial institution must not deduct any fees from the principal of a farm management deposit. However, it may charge fees for the deposit.

## REPAYMENT OF FARM MANAGEMENT DEPOSITS

The amount of any repayment of the deposit must be at least \$1,000, except where the entire amount of the deposit is repaid.

The tax benefits are not retained for deposit amounts withdrawn in the first 12 months after the deposit was made, unless the withdrawal:-

- (a) is made in exceptional circumstances and the deposit was made before the declaration of exceptional circumstances;
- (b) or because the owner:
  - (i) Dies; or
  - (ii) becomes bankrupt; or
  - (iii) Ceases to be a primary producer for 120 days or more; or
  - (iv) Has requested the deposit to be transferred to another financial institution.

## WHAT ARE THE TAXATION CONSEQUENCES?

The scheme allows primary producers to deduct the amount of any farm management deposit they own from their assessable income for the income year in which the deposit is made. However, the amount of the deductions cannot exceed the owner's taxable primary production income for the year.

Under the Pay As You Go system, owners may reduce their instalment income for an instalment period by the amount of farm management deposits made during that period. The reduction is limited to the amount that the owners can reasonably expect to deduct for the deposit for the income year in which the deposit is made. However, the instalment income for the period cannot be reduced below nil.

## Eligibility requirements for withdrawal within 12 months for primary producers affected by natural disasters

Primary producers affected by natural disasters can withdraw their FMDs within the first 12 months of deposit without losing any claimed taxation benefits (deductions) if they have received, primary producer Category C recovery assistance under the Natural Disaster Relief and Recovery Arrangements.

Primary producers must:

- (a) have received a primary producer Category C measure recovery grant through the Natural Disaster Relief and Recovery Arrangements; and
- (b) have deposited the funds into an FMD account, and claimed a tax deduction in their tax return, prior to receiving any primary producer Category C measure recovery grant withdraw the funds from the FMD account after receiving the primary producer Category C measure recovery grant. This provision is only available where a deposit has been made in one financial year and withdrawn in the next financial year within a 12 month period. That is, primary producers can retain the tax benefit claimed for the FMD in the previous year, but the amount of the withdrawal becomes part of the primary producer's assessable income in the financial year they withdraw the FMD.

This provision is not available to primary producers who make the deposit and withdrawal in the same financial year, as the tax benefit associated with that FMD has not been claimed through an income tax return.

If a primary producer withdraws their FMDs early under the natural disaster early access provision, they cannot claim a tax benefit for any further FMD deposits made later in that financial year.

Visit the Australian Government Disaster Assist website for more information on assistance available following natural disasters and to check the declaration status of Local Government Areas.

## Eligibility requirements for withdrawal within 12 months for primary producers affected by drought

Early access to FMDs will not be reliant on the area in which a primary producer is located being drought-declared, a primary producer affected by drought can withdraw their FMDs before 12 months without losing any taxation benefits, if they:

- (a) made their FMD in the previous financial year; and
- (b) have held their FMDs for at least six months; and
- (c) can demonstrate that an area of their farming property has been affected by a rainfall deficiency for six consecutive months. To be eligible, the rainfall must be within the lowest five per cent of recorded rainfall for their property for that six-month period. An online FMD rainfall deficiency tool will be available from 1 July 2016 to allow primary producers to determine their eligibility.

If a primary producer withdraws their FMDs early because of drought (based on rainfall deficiency), they cannot claim a tax benefit for any further FMD deposits made later in that financial year.

When an owner withdraws funds from a farm management deposit in an instalment period, the instalment income of the period will include the amount of the withdrawal. But the owner's instalment income will only

include so much of the withdrawal as will be included in the owner's assessable income for the income year in which the withdrawal is made. If neither the owner's tax file number nor Australian Business Number has been quoted to the financial institution that holds the deposit, 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.

## **ACCOUNT OPERATIONS**

### **HOW DO I OPEN AN ACCOUNT?**

Existing members can apply for an FMD by completing the application form and signing the declarations on this form.

Non-members will need to join Regional Australia Bank before we can issue an account to you. To become a member, you will need to:

- (a) complete a membership application form; and
- (b) subscribe for a member share in Regional Australia Bank.

The member share is a redeemable preference share. This means that if you resign your membership of the Regional Australia Bank, we refund you the subscription price. Please note that your member share is not transferable. You must subscribe for membership in the same name as the account you wish to open.

### **Provide Proof of Identity**

The law requires us to verify your identity when you open an account or when you become a signatory to an account. You will need to be verified in accordance with Regional Australia Bank's AML/CTF Compliance Program, Part B Customer Identification Procedures.

If you change your name, for example, upon marriage, you will need to give us a change of name statement. We will give you guidance on how to go about this.

### **WHAT FEES AND CHARGES ARE THERE?**

There are no fees unless you:

- (a) withdraw from the deposit, or have interest payments made by cheque which will be \$2.25 per transaction.; or
- (b) we will also charge you for any applicable government taxes and charges.

### **WHAT INTEREST CAN I EARN ON MY ACCOUNT?**

Please refer to our Interest Rates Brochure for the current farm management deposit interest rates payable. The interest rate is not subject to variation during the term.

Interest payments will be credited to the nominated account or paid in the form of a cheque. Interest is calculated on daily balances. Interest is credited at maturity or 12 monthly if earlier than maturity. Monthly interest payments are also available on this account at a reduced interest rate. The amount of the reduction is detailed on the Interest Rate brochure.

## **TRUST ACCOUNTS**

You can open an account as a trust account if the depositor is trustee for a beneficiary who is presently entitled to a share of the income of the trust estate and is under legal disability. However:

- (a) we are not taken to be aware of the terms of the trust; and
- (b) we do not have to verify that any transactions you carry out on the account are authorised by the trust. You agree to indemnify us against any claim made upon us in relation to, or arising out of that trust.

## **THIRD PARTY ACCESS**

You can authorise us at any time to allow another person to operate on your accounts. However, we will need to verify this person's identity before they can become a signatory and access your account. You are responsible for all transactions your authorised person carries out on your account. **You should ensure that the person you authorise to operate on your account is a person you trust fully.**

You may revoke the authorised person's authority at any time by giving us written notice.

## **MAKING DEPOSITS TO THE ACCOUNT**

You can make the deposit to open the Farm Management Deposit by cash, cheque or transfer from another financial institution. However, you cannot make further deposits during the term of the deposit. If you wish to make further farm management deposits you may open another Farm Management Deposit account with us.

## **OTHER CONDITIONS OF FARM MANAGEMENT DEPOSITS:**

The Farm Management Deposit account may only be withdrawn at maturity or by transfer to another financial institution that accepts it as a farm management deposit. We may allow early withdrawals at our absolute discretion.

We may reduce the interest on deposits withdrawn prior to maturity. Please refer to the Interest Rate Brochure for details of any early redemption reduction in interest. If you withdraw an amount less than 12 months after first depositing it as a Farm Management Deposit the amount may not qualify for a tax deduction.

On maturity, we will automatically re-invest your deposit in the same type of deposit as you originally chose unless you have told us otherwise. Normally, we will ask you, when making your deposit, what you want to happen on maturity.

Minimum deposit is \$1,000.00.

Minimum balance to earn interest is \$1,000.00.

Maximum deposit is \$800,000.00.

No access facilities can be linked to this account.

**ACCOUNT STATEMENTS**

We will send you account statements at least every 6 months. You can elect to receive these online or in paper.

Note: You can unsubscribe from electronic statements and communications by visiting your local branch or contacting Regional Australia Bank on 132067. You can ask us for an account statement more frequently or at any time.

We may charge you a fee for providing additional statements or copies, see the Fees and Charges and Transaction Limits Brochure.

You should check your account statement as soon as you receive it. Immediately notify us of any unauthorised transactions or errors by telephoning 132067.

**WHAT HAPPENS IF I CHANGE MY NAME OR ADDRESS?**

If you change your name or address, please let us know immediately.

**NOTICES AND ELECTRONIC COMMUNICATION**

We may send you notices and statements:

- (a) by post, to the address recorded in our membership records or to a mailing address you nominate;
- (b) by fax; or
- (c) by e-mail.

We will only use fax or e-mail if the law permits and you have nominated a fax number or electronic address for this purpose. We may also send you notices and statements by some other way that you have agreed to.

If you agree, we may instead of sending you a notice or statement, post notices or statements to our website for you to retrieve. However, we have to tell you promptly, via e-mail, that the information is available to you, for you to retrieve.

You can vary your nominated e-mail address at any time or cancel arrangements to receive notices or statements by e-mail or by retrieval from our website by visiting your local branch or contacting Regional Australia Bank on 132067.

**CHANGING FEES, CHARGES, INTEREST RATES AND OTHER INFORMATION**

We may vary the conditions of use and fees and charges at any time. This table sets out how we will notify you of any change.

Type of change	Notice we must	Manner of giving
a. Increasing any fee or charge	30 days	In writing
b. Adding a new fee or charge	30 days	In writing
c. Changing the minimum balance to which an account	30 days	In writing
d. Changing the method by which interest is calculated	30 days	In writing
e. Changing the frequency with which interest is credited or	30 days	In writing
f. Changing the balance ranges within which interest rates	30 days	In writing
g. Changing any other term or condition	Day of change	In writing

**COMPLAINTS**

We have a complaint and dispute resolution system to deal with any complaints you may have in relation to accounts and access facilities or transactions on an account. We will deal with any complaint in an efficient, timely and fair manner.

If you are not satisfied with the way in which we choose to resolve your complaint, or if we do not respond in a timely manner, you may refer the complaint to our external dispute resolution centre.

If you want to make a complaint, contact our staff at any Branch or the Service Support Centre and tell them that you want to make a complaint. Our staff has a duty to deal with your complaint under our dispute resolution policy. Our staff must also advise you about our complaint handling process and the timetable for handling your particular complaint.

We have an easy to read guide to our dispute resolution system available on the website [regionalaustaliabank.com.au](http://regionalaustaliabank.com.au).



## STATEMENTS TO BE READ BY DEPOSITORS

### *Authorised deposit-taking institution*

The institution issuing this application form is an authorised deposit taking institution for the purposes of the *Banking Act 1959*.

### *Purpose of Farm Management Deposit scheme*

The Farm Management Deposits scheme is designed to allow primary producers with a 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 it is most needed. The scheme helps primary producers manage their exposure to adverse economic events and seasonal fluctuations. Eligibility criteria apply to primary producers under the scheme.

### *Tax consequences of farm management deposits*

The scheme allows primary producers to deduct the amount of any farm management deposit they own from their assessable income for the income year in which the deposit is made. However, the amount of the deductions cannot exceed the owner's taxable primary production income for the year.

Under the Pay As You Go system, owners may reduce their instalment income for an instalment period by the amount of farm management deposits made during that period. The reduction is limited to the amount that the owners can reasonably expect to deduct for the deposit for the income year in which the deposit is made. However, the instalment income for the period cannot be reduced below nil.

When an owner withdraws funds from a farm management deposit in an instalment period, the instalment income of the period will include the amount of the withdrawal. But the owner's instalment income will only include so much of the withdrawal as will be included in the owner's assessable income for the income year in which the withdrawal is made. If neither the owner's tax file number nor Australian Business Number has been quoted to the financial institution that holds the deposit, the amount withdrawn will also be subject to withholding at a rate equal to the sum of the top marginal tax rate and Medicare levy.

### *Important requirements for farm management deposits*

Some of the requirements for farm management deposits are summarised below. There are also other Requirements set out in the *Income Tax Assessment Act 1936*. A breach of some of the requirements will result in the deposit not being treated as a farm management deposit, and the tax benefits will be lost.

The depositor must be a primary producer when the deposit is made.

The deposit must be made by only one person and on behalf of only one person.

The deposit must be at least \$1,000 and not more than \$800,000, at any time in any year of income.

A person can own more than one deposit, but must not total more than \$800,000 across all institution's. Rights of the depositor are not, and must not be, transferable to another person.

The deposit must not be used as security for any amount owed to the financial institution or any other person by the depositor or any other person.

The deposit must not be used, as a mortgage offset account or otherwise, to reduce the depositor's liability to pay interest on other debts to the financial institution.

Interest or other earnings on the deposit must not be invested as a farm management deposit with the financial institution without having first been paid to the depositor.

If the depositor requests, the financial institution must electronically transfer the deposit to another financial institution that agrees to accept it as a farm management deposit.

The financial institution must not deduct any fees from the principal of a farm management deposit. However, it may charge fees on the deposit.

### *Repayment of farm management deposits*

The tax benefits are not retained for deposit amounts withdrawn in the first 12 months after the deposit was made, unless the withdrawal is made:

- (a) in exceptional circumstances;
- (b) or because the owner:
- (c) dies; or
- (d) becomes bankrupt; or

- (e) ceases to be a primary producer for 120 days or more; or
- (f) has requested the deposit to be transferred to another financial institution.

The amount of any repayment of the deposit must be at least \$1,000, except where the entire amount of the deposit is repaid.

*State or Territory guarantee*

A State or Territory guarantee the repayment of any deposit taken by the institution issuing this application form in the course of the business of banking or in the course of a business that consists of or includes taking money on deposit.