

Media Release

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Tax changes for on-farm carbon credits will help farmers plant timber trees

The Australian Forest Products Association (AFPA) has welcomed the Federal Government's announcement to apply concessional tax treatment to the sale of Australian Carbon Credit Units (ACCUs) generated by farmers from on-farm carbon projects including plantation forestry.

Under the new tax regime, farmers will treat revenue from the sale of ACCUs as primary production income, providing access to income tax averaging arrangements and the Farm Management Deposit scheme. Revenue from ACCUs will be recognised in the year of sale to support cash flow.

"This change will give farmers more choice around the sorts of carbon-storing projects they can undertake on their farm to generate additional income, boost productivity, and reduce emissions," AFPA Acting CEO Victor Violante said.

"In key timber processing regions, where additional timber plantations are sorely needed to meet Australia's future timber and wood fibre needs, planting timber tree crops is a logical choice for farmers looking to maximise on-farm productivity."

Victor Violante said new timber plantations would support regional manufacturing jobs in Australia, ensure the next generation of Australians have timber to build their homes, and make a significant contribution to Australia's emissions reduction goals.

"Promoting more timber tree planting is a win, win, win for Australia. Not only will it help meet our climate goals, it also provides a number of co-benefit outcomes such as helping to generate new income for landowners, increasing biodiversity and habitat for wildlife, building sovereign capability and helping to supply the vitally needed timber which our builders are so desperate for.

"This announcement complements the Federal Government's recent announcement of an \$86 million program to leverage state and industry funds to establish new plantations, and supports the Federal Government's goal of growing Australia's timber plantation estate by one billion trees by 2030. Farm forestry, delivered in partnership with farmers, is vital to achieving that goal.

"As Australia looks for ways to reach net zero by 2050, supporting the use of Aussie timber in construction and Australian-made paper and packaging to replace plastics must be part of that plan. However, unless we secure the forest resource today to meet future demand we will fall short of these goals," Victor Violante concluded.

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