

ANZ FARM MANAGEMENT DEPOSIT (FMD) ACKNOWLEDGMENT AND AGREEMENT FORM



Product Suitability Considerations

Are you eligible for the Farm Management Deposit Scheme?

Customers must be individuals running a primary production business in Australia, with taxable non-primary production income below \$100,000. The FMD product makes it possible for eligible customers to receive tax concessions under the Farm Management Deposit Scheme, if the customer uses the product to qualify for concessions under that scheme.

Fixed or At-Call product?

Funds deposited in the FMD product (whether fixed or at-call) must be held in the FMD product for a minimum term of 365 days in order for customers to receive tax concessions under the Farm Management Deposit Scheme.

I agree to be bound by the ANZ Farm Management Deposit Accounts Terms and Conditions:

Income Tax Assessment Regulations 1997 Schedule 1C Statements (as amended from time to time) to be read by depositors.

Authorised deposit taking institution

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

Purpose of FMD Scheme

The FMD Scheme is designed to allow individuals carrying on a primary production business in Australia, with taxable non primary production income, to shift before tax income from years when they need it least to years when it is most needed. The scheme helps those individuals to manage their exposure to adverse economic events and seasonal fluctuations.

Eligibility criteria apply to individuals carrying on a primary production business in Australia under the scheme.

Tax consequences of FMDs

The scheme allows individuals carrying on a primary production business in Australia to deduct the amount of any FMD 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 income year.

Under the Pay As You Go system, owners may reduce their instalment income for an instalment period by the amount of FMDs 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 a FMD is repaid to an owner in an instalment period, the instalment income of the period will include the amount of the repayment. But the owner's instalment income will only include so much of the repayment as will be included in the owner's assessable income for the income year in which the repayment is made.

If neither the owner's tax file number nor Australian Business Number has been quoted to the FMD provider that holds the deposit, the amount repaid will also be subject to withholding at a rate equal to the sum of the top marginal tax rate and the Medicare levy.

Important requirements for FMDs

Some of the requirements for FMDs are summarised below. There are also other requirements set out in the Income Tax Assessment Act 1997 (as amended from time to time). A breach of some of the requirements will result in the deposit not being treated as a FMD, and the tax benefits will be lost.

- The owner must be an individual who is carrying on a primary production business in Australia when the deposit is made.
- The deposit must be made by only one individual and on behalf of only one individual.
- Rights of the depositor are not, and must not be, transferable to another entity.
- The deposit must not be used as security for any amount owed to the FMD provider or any other entity by the depositor or any other entity.

- Interest or other earnings on the deposit must not be invested as a FMD with the FMD provider without having first been paid to the depositor.
- If the depositor requests in writing, the FMD provider must electronically transfer the deposit, or part of the deposit, to another FMD provider that agrees to accept it as a FMD.
- The FMD provider must not deduct any fees from the principal of a FMD. However, it may charge fees on the deposit.

Repayment of FMDs

The tax benefits are not retained for deposit amounts repaid within the first 12 months after the deposit was made, unless the repayment is made:

- a) The land on which the primary production business is carried on is experiencing severe drought conditions as defined for the purposes of the Income Tax Assessment Act 1997 and Income Tax Assessment Regulations 1997 (as amended from time to time); or
- b) because the owner:
 - i. dies; or
 - ii. becomes bankrupt; or
 - iii. ceases to carry on a primary production business in Australia and does not start carrying on such a business again within 120 days; or
 - iv. has requested the deposit, or part of the deposit, to be transferred to another FMD provider; or
- c) At the time of the withdrawal, the primary production business was in receipt of Commonwealth natural disaster relief and recovery arrangements as specified in the Income Tax Assessment Regulations 1997 (as amended from time to time)

Additional information

1. The minimum deposit threshold is \$1,000.
2. The maximum deposit limit, which is \$800,000.
3. An individual can own more than one FMD, and can own FMDs with different FMD providers, but the sum of the balances of all of the FMDs of an owner must not be more than \$800,000.
4. A new Farm Management Deposit account will need to be established upon any request to combine Farm Management Deposit accounts. You need to have held the FMD accounts being combined for a minimum of 12 months before combining into a single FMD account. We recommend that you obtain independent tax advice before making an application to combine FMD accounts.
5. The amount of any repayment of the deposit must be at least \$1,000, except where the entire amount of the deposit is repaid.
6. The taxable non primary production income for the year of income must not exceed \$100,000.
7. ANZ may collect your Australian tax file number (TFN) when you open a deposit account. It is not compulsory to provide your TFN and it is not an offence if you decline to do so. However, in the event that you have not quoted your TFN or ABN (or exemption) to ANZ, ANZ 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 Farm Management Deposit Account.
8. If the deposit is used to offset a liability to pay interest on debts to the FMD provider that do not wholly relate to a primary production business that the owner (or a partnership of which the owner is a partner) carries on, the owner is liable to an administrative penalty of up to 200% of that offset.

Note: In relation to point 7, in order for ANZ to comply with ATO reporting requirements, additional ANZ specific requirements apply, i.e. there is a 2 day processing time frame for FMD repayments with no TFN/ABN listed on the account.

Initial Deposit to open your FMD Account

Initial Deposit amount \$ Date of Initial Deposit

Major Commodity/Commodities produced by the business during the year of deposit:

Transferred Funds

Is part or whole of deposit to be transferred from an existing FMD with another Financial Institution?

No
 Yes - FMD amount to be transferred \$ BSB no and Original FMD deposit date

If this information is not provided by the primary producer, ANZ may in its reporting to the ATO treat this amount as a new FMD (e.g. potentially not satisfying the ATO's 12 month qualification criteria for concessional tax treatment).

Nominated ANZ account to receive your interest payments

BSB Number Account Number

If nomination for a valid ANZ account is not received then interest will be paid by cheque or by any other payment method allowed by ANZ. If paid by cheque this will be sent to your mailing address we have on file.

Additional Deposit to an Existing ANZ FMD Account

BSB Number Account Number
Date Of Deposit Amount of Deposit

I acknowledge and agree that:

- this FMD Acknowledgment and Agreement Form and the ANZ Farm Management Deposit Accounts Terms and Conditions apply to the initial deposit made upon opening of the Farm Management Deposit account(s) and each subsequent deposit made to the Farm Management Deposit account(s);
- each time I make a subsequent deposit into the Farm Management Deposit account(s), I am taken to have submitted a new FMD Acknowledgement and Agreement Form to ANZ in respect of that deposit containing the details provided in this FMD Acknowledgement and Agreement Form (other than the investment amount which shall be equal to the amount of the new deposit). The details provided in this FMD Acknowledgement Form will be taken to be correct and valid as at the time of making the subsequent deposit unless I notify ANZ in writing of any changes to my personal or business details; and
- each deposit made to my ANZ Farm Management Deposit account(s) must be held for a minimum of 12 months. Full or partial withdrawals from a deposit may disqualify the deposit from the taxation benefits of the FMD scheme if the deposit is held for less than 12 months.

Nominated ANZ account to receive your interest payments

BSB Number Account Number

If nomination for a valid ANZ account is not received then interest will be paid by cheque or by any other payment method allowed by ANZ. If paid by cheque this will be sent to your mailing address we have on file.

Your Tax File Number

I authorise ANZ to use my TFN/ABN recorded in ANZ's files for the purposes of administering my Farm Management Deposit Account.

Yes No

Tax Residency Details

(Please note, US Citizens are considered to be Tax Residents of the US)

I am **only** Tax Resident in Australia

OR

I have included below all countries in which I am Tax Resident (**other than Australia**)

Country of Tax Residence (Do not include Australia)	Taxpayer Identification Number (TIN) (or country equivalent)	Reason Code (if TIN not provided)	Explanation (only if Reason Code is Z)

Reason codes (if TIN not provided):

A – TIN Not Issued (The Country does not issue TINs)

B – TIN Not Required (The Country does not require collection of a TIN)

C – TIN Applied For (I have applied for a TIN and will inform you upon receipt)

Z – TIN Unobtainable (I am unable to obtain a TIN)

I agree to be bound by the specific Terms and Conditions for the deposit indicated in this form, as well as the ANZ Farm Management Deposit Account Terms and Conditions provided to me and available on anz.com.

I confirm that the information provided by me which is in and/or accompanies this application is true, correct and complete.

I will notify ANZ within 30 days of any change to my tax residency details. (This could include but not limited to changes in your TIN or primary nature of business.)

Full Name of Customer

Home Address

Business Address: (leave blank if the same as Home address)

Contact Number

Date of Birth

Signature

Date (DD/MM/YYYY)