

ROBERT BRIDLE  
"TALBINGO"  
MS 999  
DALBY, QLD. 4405



**TALBINGO**  
PASTORAL COMPANY

Livestock - Grain - Feedlot - Transport

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Committee Secretary,  
Senate Standing Committee  
on Rural Affairs & Transport,  
Parliament House,  
Canberra.

Dear Sir,

I would like to bring to the attention of the Committee the lack of tax deductability of expenses incurred by farmers to mount claims for fair and just compensation from the Coal Seam Gas Industry. To explain the situation, I am enclosing a copy of a letter I wrote to our local member, The Hon. Bruce Scott M.P. and a copy of the reply he received from the Assistant Treasurer.

This issue means that farmers have to fight large multi-national CSG Companies for fair and just compensation with one hand tied behind their backs.

Yours faithfully,

John Bridle

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15 March 2011

Hon. Bruce Scott MP,  
2/54 Condamine St,  
Dalby #4405

Dear Bruce,

We are one of the many farmers in Southern Queensland that will be seriously impacted by the Coal Seam Gas industry. The estimated number of CSG wells on Talbingo will be a minimum of 200 and a maximum of 700. This will severely restrict our ability to operate Talbingo as a profitable and productive farming enterprise.

In an effort to minimize this impact, we have spent \$13000 on valuation expenses and \$7000 on legal expenses. I am enclosing a letter from our accountants, Carrick Ashmead, advising that these expenses would not be deductible as they are of a capital nature.

Could you please follow up on this to see if these expenses can be deductible because if they are not deductible farmers will not be able to afford to mount claims against the CSG Industry for fair and just compensation.

Yours faithfully,

Robert Bridle





**THE HON BILL SHORTEN MP  
ASSISTANT TREASURER  
MINISTER FOR FINANCIAL SERVICES AND SUPERANNUATION**

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The Hon Bruce Scott MP  
Federal Member for Maranoa  
PO Box 641  
DALBY QLD 4405

31 MAY 2011

*Bruce*  
Dear Mr Scott

Thank you for your personal representations of 23 March 2011 to the Deputy Prime Minister and Treasurer on behalf of your farming constituents, concerning the deductibility of valuation fees. Your representations have been referred to me as I have portfolio responsibility for this matter.

As the matter relates to the administration of the taxation laws, I asked the Commissioner of Taxation for his comments.

The Commissioner advised that generally a deduction is allowed where a loss or outgoing is incurred for the purposes of gaining or producing assessable income, to the extent where the loss or outgoing is not of a private or capital nature.

Whether an amount incurred by a taxpayer is on revenue account or capital account is usually determined by the character of the expenditure and the nature of the advantage sought.

The Commissioner explained that based on the information provided, the expenditure to obtain a valuation for the land would appear to be incurred to protect the future value of the income earning asset. Accordingly, the expenses would be considered to be on the capital account and the taxpayer would not be entitled to a deduction.

However, the Commissioner recommended that your farming constituents request a private ruling from the Australian Taxation Office (ATO) if they require certainty about how the law will apply to their particular circumstances. A private ruling is a binding written opinion by the ATO about how the law applies to a taxpayer's specific circumstances.

Further information on requesting a private ruling and the Private ruling application form (non-tax professionals) is available from the ATO website [www.ato.gov.au](http://www.ato.gov.au).

Thank you for bringing this matter to my attention. I trust this information will be of assistance to you and your farming constituents.

Yours sincerely

*Bill Shorten*  
BILL SHORTEN