

Heritage recommends you obtain advice from your accountant or financial adviser regarding Farm Management Deposits (FMD)

Statements

1 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.

Required statements

1 Purpose of farm management deposits scheme

The farm management deposits 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.

Note Primary production business and carrying on a primary production business are explained in subsection 995-1 (1) of the 1997 Act.

2 Tax consequences of farm management deposits

The scheme allows individuals carrying on a primary production business in Australia 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 income 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 a farm management deposit 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 tax at a rate equal to the sum of the top marginal tax rate and the Medicare levy.

3 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 1997 Act. 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 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.
- 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 FMD provider.
- Interest or other earnings on the deposit must not be invested as a farm management deposit 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 farm management deposit.
- The FMD provider must not deduct any fees from the principal of a farm management deposit. However, it may charge fees on the deposit.

4 Repayment of farm management deposits

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) 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
- (b) because the circumstances specified in regulation 7 of the Income Tax (Farm Management Deposits) Regulations 1998, relating to repayment in the event of a natural disaster, exist.

Additional information

Minimum deposit threshold: \$1,000 or more.

Interest rate applied: The applicable rate published by us on the day the deposit is made or re-invested on our rate sheet.

Maximum deposit limit: A farm management deposit must not be more than \$800,000, and the sum of the balances from time to time of the deposit and all other farm management deposits of the owner with any financial institution must not be more than \$800,000.

Multiple deposits: An individual can own more than one farm management deposit, and can own farm management deposits with different FMD providers, but the sum of the balances of all of the farm management deposits of an owner must not be more than the maximum deposit limit.

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

Non-primary production income: The taxable non-primary production income for the year of income must not exceed \$100,000.

Tax File Number / Australian Business Number: Any withdrawal made where the depositor has not provided their TFN nor ABN will be subject to the withholding tax rate, which is the sum of the top marginal tax rate for the income year in the year of the deposit and the Medicare levy (47% as at 1 July 2020).

Account BSB: 638-730

Farm Management Deposit (FMD) details

Member Number _____ Date _____

Are you an existing Heritage member?

Yes Member number/s _____

NO - Please also complete New to Heritage section below

Do you have an existing Farm Management Deposit with any other financial institution? Yes No

Will your Farm Management Deposit balance be greater than \$800,000 across one or multiple Australian Deposit Taking Institutions?

Yes - You will need to seek professional advice

No

Are you transferring a deposit from another financial institution as part of this application?

Yes - If you are intending to transfer a FMD from another financial institution, please complete a Farm Management Deposit Electronic Transfer Form and attach it to this application.

No

Depositor details

Title _____ Full name _____

Residential address _____

_____ Postcode _____

Mailing address _____

_____ Postcode _____

Date of birth _____ Home phone _____

Work phone _____ Mobile phone _____

Email address _____

Are you the owner of the deposit? Yes No If you answered no, please fill in the following section.

Owner details

Title _____ Full name _____

Residential address _____

_____ Postcode _____

Mailing address _____

_____ Postcode _____

Date of birth _____ Home phone _____

Work phone _____ Mobile phone _____

Email address _____

New to Heritage

Complete this section if a new Heritage membership is required to be opened. This must be in the FMD Owner's name.

You will need to supply original or certified original documents of your identification that meets the Membership Opening ID Requirements.

First School: _____ Mothers Maiden Name _____

Declaration

By signing this form, I agree to the following:

- I apply for membership in Heritage and People's Choice Limited ("Heritage") and for one \$2.00 member share in Heritage to be issued to me. I agree that whilst Heritage does not require payment of the \$2.00 issue price for the member share as part of this application, and does not currently intend to call for payment of the issue price in future, I will be required to pay the \$2.00 issue price if called upon to do so in future in accordance with Heritage's constitution. I agree that I will be issued one member share only, regardless of the number of accounts held by me with Heritage, and that my name will be entered in the Heritage register of members;
- I agree to be bound by the Heritage and People's Choice Limited Constitution;
- To be bound by the terms and conditions as outlined in the Guide to Heritage Deposit Products.
- That it is an offence under the Anti-Money Laundering

and Counter-Terrorism Financing Act 2006 to make a false and misleading statement. I/We declare that the details as shown on this form are complete and accurate.

- I understand that I may indicate that I do not want the account holder to receive marketing information (including newsletters) from Heritage Bank by ticking this box
- Heritage may use my electronic or telephone details to communicate with me regarding details about my account. Heritage may also send me required documents in an email. I understand that in these instances paper copy will not be sent. I should check my emails regularly and I can withdraw this consent at any time. If I change my personal details (for example address or email address). I will inform Heritage as soon as possible. If you do not wish to receive emails from Heritage in relation to your account please tick here

Signature of Account Holder (FMD Owner)

Tax File Number (TFN) and/or Australian Business Number (ABN) notification

You can provide your TFN or ABN directly to your local branch or phone 13 14 22. Whilst it is not compulsory to provide a TFN or ABN, we recommend that it is supplied. If a TFN or ABN is not provided, Heritage may be required by law to deduct withholding tax from any interest earned above a certain threshold and from any withdrawals at the withholding tax rate applicable in the year of the deposit.

TFN recorded TFN not supplied ABN _____

Foreign Tax residency certification

Are you, for Tax purposes, a resident of any country other than Australia?

No Yes - if yes, please complete the below "Common Reporting Standard details: Resident of a foreign country" section to complete your application.

Common Reporting Standard details: Resident of a foreign country

	Country / Jurisdiction of Tax residence If more than 3 countries are selected, please call our Contact Centre on 1314 22	If no TIN available, select reason: A The country/jurisdiction where the Account Holder is resident does not issue TINs B Unable to provide to the bank due to the law by country/Jurisdiction of tax residence C Unable to obtain a TIN or equivalent (please state reason why)
1		<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C
2		<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C
3		<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C

Industry code

Please select **ONE ONLY** option from the following list that best describes your income source. Select the most appropriate description for the major commodity produced in the year of the deposit:

- | | |
|--|---|
| 0111 <input type="checkbox"/> Nursery Production (undercover) | 0159 <input type="checkbox"/> Other Crop Growing n.e.c |
| 0112 <input type="checkbox"/> Nursery Production (outdoors) | 0160 <input type="checkbox"/> Dairy Cattle Farming |
| 0113 <input type="checkbox"/> Turf growing | 0171 <input type="checkbox"/> Poultry Farming (meat) |
| 0114 <input type="checkbox"/> Floriculture Production (undercover) | 0172 <input type="checkbox"/> Poultry Farming (eggs) |
| 0115 <input type="checkbox"/> Floriculture Production (outdoors) | 0180 <input type="checkbox"/> Deer Farming |
| 0121 <input type="checkbox"/> Mushroom Growing | 0191 <input type="checkbox"/> Horse Farming |
| 0122 <input type="checkbox"/> Vegetable Growing (undercover) | 0192 <input type="checkbox"/> Pig Farming |
| 0123 <input type="checkbox"/> Vegetable Growing (outdoors) | 0193 <input type="checkbox"/> Beekeeping |
| 0131 <input type="checkbox"/> Grape Growing | 0199 <input type="checkbox"/> Other Livestock Farming n.e.c |
| 0132 <input type="checkbox"/> Kiwifruit Growing | 0201 <input type="checkbox"/> Offshore Longline & Rack Aquaculture |
| 0133 <input type="checkbox"/> Berry Fruit Growing | 0202 <input type="checkbox"/> Offshore Caged Aquaculture |
| 0134 <input type="checkbox"/> Apple and Pear Growing | 0203 <input type="checkbox"/> Offshore Aquaculture |
| 0135 <input type="checkbox"/> Stone Fruit Growing | 0301 <input type="checkbox"/> Forestry |
| 0136 <input type="checkbox"/> Citrus Fruit Growing | 0302 <input type="checkbox"/> Logging |
| 0137 <input type="checkbox"/> Olive Growing | 0411 <input type="checkbox"/> Rock Lobster and Crab Potting |
| 0139 <input type="checkbox"/> Other Fruit & Tree Nut Growing | 0412 <input type="checkbox"/> Prawn Fishing |
| 0141 <input type="checkbox"/> Sheep Farming (Specialised) | 0413 <input type="checkbox"/> Line Fishing |
| 0142 <input type="checkbox"/> Beef Cattle Farming (Specialised) | 0414 <input type="checkbox"/> Fish Trawling, Seining and Netting |
| 0143 <input type="checkbox"/> Beef Cattle Feedlots (Specialised) | 0419 <input type="checkbox"/> Other fishing |
| 0144 <input type="checkbox"/> Grain-Sheep or Grain-Beef Cattle-Farming | 0420 <input type="checkbox"/> Hunting & Trapping |
| 0145 <input type="checkbox"/> Sheep-Beef Cattle Farming | 0510 <input type="checkbox"/> Forestry Support Services |
| 0146 <input type="checkbox"/> Rice Growing | 0521 <input type="checkbox"/> Cotton Ginning |
| 0149 <input type="checkbox"/> Other Grain Growing | 0522 <input type="checkbox"/> Shearing Services |
| 0151 <input type="checkbox"/> Sugar Cane Growing | 0529 <input type="checkbox"/> Other Agri & Fishing Support Services |
| 0152 <input type="checkbox"/> Cotton Growing | |

Investment details (minimum deposit \$1,000. Maximum accumulated deposits \$800,000).

- At Call \$ _____ Interest paid quarterly
- Term 12 months \$ _____ Interest paid quarterly Annually

Deposit details

Attached cheque amount \$ _____

OR Heritage internal transfer request

Member Number: _____ S Type: _____

Transfer Amount \$ _____

Nominated account

You need to have a nominated account with Heritage under the same member number as the Farm Management Deposit Account. Please select **ONE** of the following account types for your nominated account.

- | | |
|---|--|
| <input type="checkbox"/> Simply Access (S1) | <input type="checkbox"/> Cash Management Account (S8 no longer available for sale) |
| <input type="checkbox"/> Mortgage Crusher (S10) | <input type="checkbox"/> Loan Offset (S9 no longer available for sale) |
| <input type="checkbox"/> Pension Plus (S65) | <input type="checkbox"/> Money Manager (S24 no longer available for sale) |

If you select an account type that you already hold, you are requesting Heritage to treat the selected account as your nominated account for the purpose of the Farm Management Deposit Account.

Otherwise, by selecting an account type, you are requesting Heritage to open an account of that type for you, and to treat it as your nominated account for the purpose of the Farm Management Deposit Account.

Please refer to the accompanying booklet *Guide to Heritage Deposit Products and Fees and Limits Guide* before selecting an account type that you don't already hold.

Note: If you select an account type other than Simply Access, there may be things you will need to do before the account can be opened – for example, making a minimum initial deposit or satisfying eligibility criteria for the account type. That could result in delays in setting up your Farm Management Deposit Account.

Declaration and acknowledgements

I have read the Required Statements and Additional Information at the front of this form.

I request Heritage to receive the deposit as a Farm Management Deposit and to open a Farm Management Deposit Account for me if I do not already have one. I agree to the terms and conditions for the account as set out in the Guide to Heritage Deposit Products and Fees and Limits Guide. I acknowledge receipt of copies of the Guide to Heritage Deposit Products, Fees and Limits Guide and the Financial Services Guide. Terms defined in the Guide to Heritage Deposit Products have the same meanings in this form.

I declare that under the tax laws I am eligible to make the deposit as a Farm Management Deposit.

If I do not already have an account of the type selected for the Nominated Account, I request Heritage to open the Nominated Account for me. I agree to the terms and conditions for the Nominated Account as set out in Heritage's Guide to Heritage Deposit Products and Fees and Limits Guide.

I acknowledge that an account can be opened for me only if I am a member of Heritage and People's Choice Limited or my application for membership of Heritage is accepted. As a member, I will be bound by the constitution of Heritage and People's Choice Ltd.

I acknowledge having received a copy of Heritage's Privacy Policy and consent to the collection, use and disclosure of my personal information as set out in that document.

This includes verification of personal information as required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

I declare that the details in this form are true and correct. I understand that the law requires me to state all names by which I am commonly known and not to use a false name.

Foreign Country Tax Information Declaration

I/we declare: - that the information provided in this form is correct and reflects my/our tax residency status;
- that I/we will update Heritage immediately if my/our tax residency status is to change in the future.

I/we acknowledge that the information contained in this form and information regarding the Account Holder(s) and any Reportable Account(s) may be provided to the Australian Taxation Office and exchanged with tax authorities of another country/jurisdiction or countries/jurisdictions in which the Account Holder(s) may be tax resident pursuant to intergovernmental agreements to exchange financial account information.

Signature of account holder/applicant

Date: _____

To submit this application form please:

Email to info@heritage.com.au or deliver in person to any Heritage branch or mini branch.

Mail to: Heritage Bank, Banking Operations Department – Farm Management, PO Box 190, Toowoomba Qld 4350

Branch use only

Account open effective date _____ Identification obtained and verified

Deposit number/s _____

Operator Name _____ Manager signature _____