



ARTHUR BROWNE
& ASSOCIATES

Rural and Farming Succession Planning



Special thanks to the following people/families for providing photos of their properties in rural Queensland:

Davison family • Condon family
Fry family • Leah Harms • Ty Melville
Comas family • Sheahan family

This guide, Rural and Farming Succession Planning, provides general information on legal, financial, and taxation considerations relevant to succession planning in rural and agricultural contexts. It is intended for informational purposes only and does not constitute legal, financial, or taxation advice.

Readers should not rely on the content of this guide without seeking advice from appropriately qualified legal, financial, or tax professionals. Circumstances vary, and professional advice tailored to your specific situation is essential.

This guide was prepared in May 2025. While every effort has been made to ensure the information was accurate at the time of publication, laws and regulations may have changed since then. Users are strongly advised to verify any information contained in this guide against current legislation and professional advice before making decisions.



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Foreword

Succession planning for our rural and farming families is a complex process, with deep emotional ties and complicated legal and financial issues involved. No two families are the same and a “one-size-fits-all” approach won’t work. This booklet guides you through the key considerations in planning the future of your rural or farming property.

Arthur Browne & Associates brings a unique perspective to this journey as our solicitors have firsthand rural experience – ranging from staff growing up on cattle stations, team members currently living on hobby farms with many relatives currently running cattle stations or produce farms and decades of rural law experience – giving us strong ties and insight into our rural and farming clients’ needs. We understand the challenges of life on the land and are committed to helping rural and farming families create succession plans that preserve both the property, farm and the family harmony.



Key Point:

Proper succession planning ensures your legacy is preserved for the next generation while minimising uncertainty and conflict. It's never too early to start planning – open communication and the right advice make all the difference. We recommend your succession planning be completed between both your lawyer and your accountant or financial planner to ensure all legal, financial and taxation aspects are considered.

Starting The Process

Succession discussions should begin well before the retiring generation is ready to hand over the reins. Early planning gives everyone time to explore options and make informed decisions. Start by having honest conversations with your family about the future.

Talk early & often

Schedule a family meeting to discuss the long-term vision for the farm/property. Encourage each child to share their goals and whether they see themselves working on the farm/property. Understanding each person's preferences helps avoid assumptions and resentment later.

Involve all children

It's common that one sibling works on the farm/property while others leave for different careers. A clear plan ensures everyone knows where they stand to prevent disputes – for example, the child who stayed might anticipate a larger share due to their contributions. By involving all siblings in discussions, you manage expectations from the start.

Bring your accountant up to speed regularly as to what the goal is

Your accountant is the best person to advise you in relation to the tax possibilities, benefits and pitfalls. They likely will have worked with you during your lifetime in establishing your income streams. Your children should also have an accountant working in their best interests. Your accountant will be the first port of call and then you can look at involving your lawyer.

Arthur Browne & Associates often works hand-in-hand with our clients' accountants and financial planners to align the legal plan with a sound financial plan.

Establish a relationship with your lawyer

The more your lawyer knows about your family, your assets and your goals in relation to succession planning the clearer advice they can provide.



Financial Planning For Retirement

One critical aspect of succession is securing the older generation's retirement. When your livelihood has been tied up in the farm/property for so long, it's important to determine how much income you'll need once you step back.



Calculate retirement needs (we recommend this be actioned with your accountant)

Begin by estimating your future living expenses and desired lifestyle. Remember that some costs currently covered by the farm (vehicles, fuel, utilities) will become personal expenses once you retire. Plan for medical costs and a comfortable cushion for unforeseen needs.

Build your nest egg

Again your accountant or financial planner can assist you to assess your savings, superannuation, and investments. Many farmers/ graziers have most of their wealth in land. It may be wise to diversify ahead of retirement – for example, contribute extra into superannuation or set aside proceeds from any asset sales into conservative investments

Get professional advice

A qualified financial adviser can advise on retirement funding options. They will take a comprehensive look at your situation – including any government pensions, super, and farm/property income – to ensure you'll be financially secure after handing over the farm/property. Collaborating with a retirement specialist ensures you won't have to rely solely on the property's future success for your wellbeing.

Funding Retirement

Even with careful financial planning, a big question remains: How will the older generation get paid when the farm/property transitions to the children? Here are common methods to fund the retiring parents' income:

Vendor finance (children pay parents over time)

In many cases, Mum and Dad can't afford to simply give the farm/property away – their retirement money is tied up in it. One solution is vendor finance, where the parents essentially act as the “bank” for their children.

Off-farm investments

Another approach is for the parents to derive income from assets outside the farm. Over the years, some farming families build up off-farm investments – whether it's a rental property, shares, managed funds, or even cash savings. Upon retirement, these assets can provide much-needed income independent of the farm/property's performance.

For instance, rental income from a house in town or dividends from shares can supplement your living expenses. If you haven't yet diversified, consider whether selling a small portion of the farm land or machinery and investing the proceeds off-farm makes sense (while being mindful of tax consequences). The goal is to create reliable income streams so you're not solely relying on the child or children to support you.

Example

The parents transfer the farm to a son or daughter now, and in return the child agrees to pay a set price (or regular instalments) over a number of years. This creates an income stream for the retirees. You must have the correct legal documentation to action this type of structure to ensure all parties are on the same page, to preserve your rights when things go wrong and to have a legally enforceable arrangement.

Vendor finance allows a gradual transfer without the child needing a huge upfront sum, but a handshake deal will not protect you and things change easily. If your son/daughter were to pass away unexpectedly, that property would form part of their own estate and could get passed to someone who does not honour the previous arrangement.

Lease back the farm

An alternative strategy is renting the farm to the next generation. Rather than an outright transfer, the parents might keep ownership of the land and lease it to the child or children to operate. This way, Mum and Dad retain a secure income (rental payments) and the child or children can run the farm business without a heavy purchase debt initially. In many cases, leasing can be more tax-effective than an immediate sale, and it allows the older generation to step back gradually.

Down the track, the ownership can be transferred (perhaps via the Will or when the parents are financially secure). This scenario works best if the family agrees on fair rental terms and the parents are comfortable still holding title for a while. This may prevent them from being eligible for any Government Pensions and there are timeframes (currently 5 years) from when a property is gifted to when a Pension can be received from Centrelink so that will need to be taken into consideration.

Sale of cattle

Mum and Dad may elect to sell cattle to provide funds for children not involved in the farm/property or to fund a portion of their retirement.

Often, a mix of these methods is used – for example, the farming child or children might take over day-to-day operations and start with a lease or vendor finance deal, while the parents use off-farm investments for additional income.

By planning creatively, you can fund a comfortable retirement without putting undue financial strain on the next generation.



Transfer Duty Relief For Primary Production Businesses

When transferring the property to your child or children, stamp duty (transfer duty) can be a significant cost – but there are valuable concessions available for intergenerational rural or farming transfers.

In Queensland, a family primary production business transfer can be exempt from duty under the primary production business concession. In plain language, if you're passing your cattle property, cane farm, or similar agricultural business to a defined relative, you may not have to pay any stamp duty.

Key points about the primary production business concession:

- It applies to land used for primary production (e.g. grazing, cropping) and related farming assets like plant and machinery.
- The transfer must be between close relatives (the law defines eligible family relationships: parent to child, grandparent to grandchild, between siblings, etc.).
- The older generation must be conducting the primary production business prior to transfer, and the younger generation must intend to continue running that business after transfer. In other words, it's meant for genuine succession of a working farm/property, not just land sales within family.

If these conditions are met, the farmland, property, equipment, and even the family home on the farm/property can be transferred without stamp duty.

Note: Be aware of certain exclusions. The concession is designed for traditional farming operations. If your property has a commercial component not related to farming, it might affect eligibility. For example, if part of the farm is leased out for a wind farm or solar farm, that portion of the business may not qualify as "primary production". Such non-farming use could disqualify or limit the duty exemption on transfer.

Each case can differ – it's wise to get legal advice on how the rules apply to your situation. Arthur Browne & Associates will help ensure the transfer is structured to maximise any available duty relief (and warn you if any aspect of your property might not meet the criteria). Taking advantage of the concession where possible keeps more wealth in the family rather than having it lost to tax.



Income Tax Relief For “Double Shuffle”: Livestock And Equipment Transfers

When it comes to handing over livestock and equipment to the next generation, there is a clever mechanism known colloquially as the “double shuffle.”

This is a technique to transfer trading stock (like cattle) and other trading assets within the family without triggering immediate income tax (or transfer duty) on those assets.

In many family farm/rural successions, parents might want to gradually bring a son or daughter into the business partnership. The double shuffle is essentially a specific rollover relief available when a partner enters or leaves a partnership, allowing trading stock and depreciating assets to be transferred at book value for tax purposes. Here’s how it works in simpler terms:

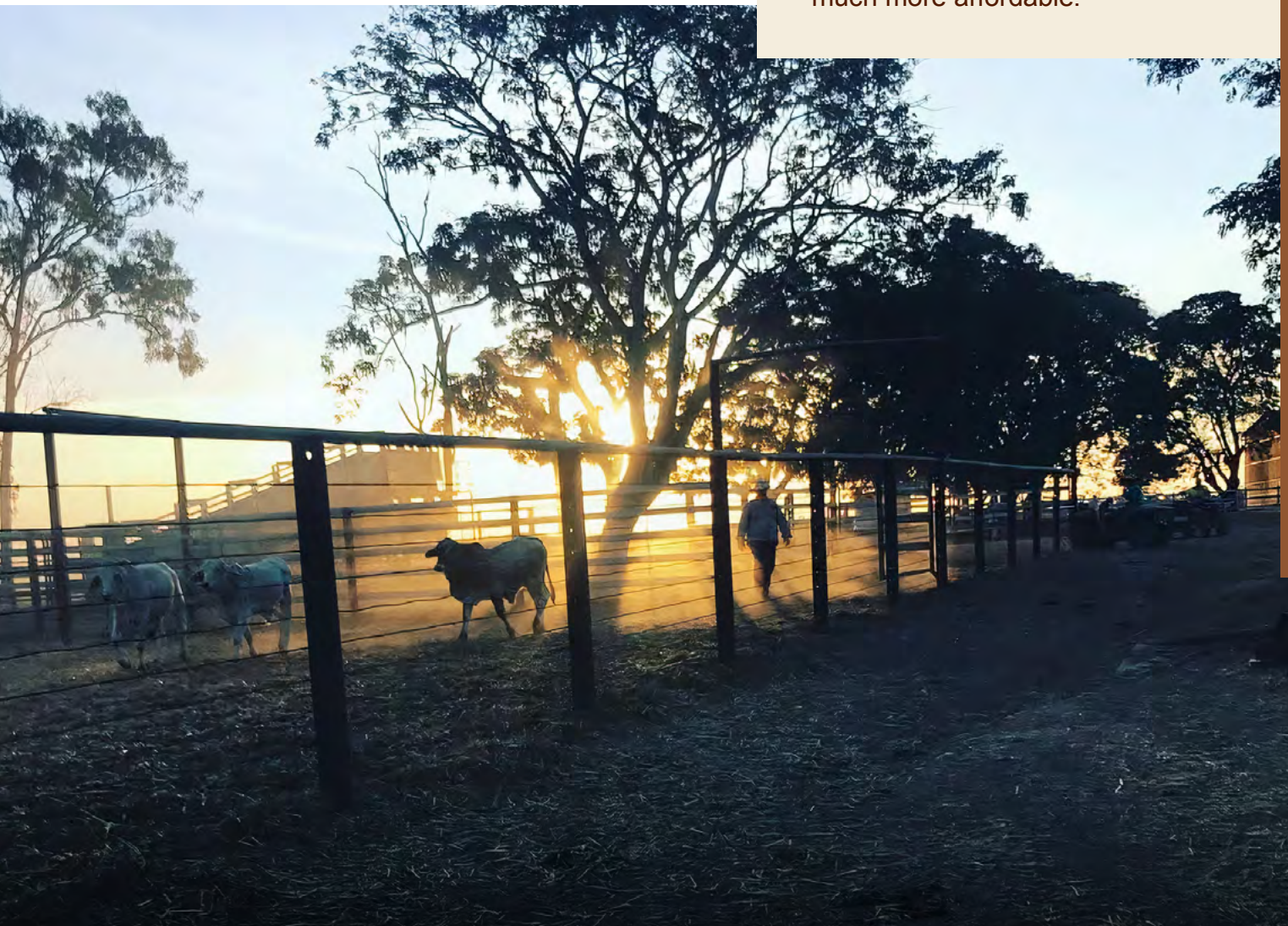
- Suppose the farm is currently a partnership between Mum and Dad. They want to retire and bring their daughter into the business ownership. Normally, if they simply gifted or sold livestock to her, that could trigger an income tax bill on the livestock’s increase in value (since animals are considered trading stock).
- However, under the double shuffle relief, they can reconstitute the partnership – for example, Dad might retire from the partnership and Daughter is admitted as a new partner alongside Mum. When a partner exits and another enters, the law allows the partnership’s trading stock and depreciating assets (like farm machinery) to be revalued and transferred to the “new” partnership without treating it as a taxable sale. In effect, the assets are “shuffled” out of the old ownership and into the new ownership structure at tax neutral values.

- The result: the daughter now has ownership (or part-ownership) of the livestock and equipment through the partnership, without the family incurring income tax on those assets at transfer. No stamp duty applies either in this scenario. Over time, more of the herd and farm plant can be shifted to the next generation by repeating this structured entry and exit of partners – hence the term “double shuffle.”

This strategy is popular with farming/rural families because it lets the younger generation acquire the working assets of the farm gradually, building their stake and experience, while deferring tax consequences. It must be done carefully and usually with professional financial and legal guidance, since improper handling could invite tax issues. The double shuffle is really about empowering and training the successors: the children gain “skin in the game” progressively, and as their confidence and capability grows, more of the business is handed over.

Caution

The double shuffle is a useful tool, but it’s not appropriate for everyone. It requires a partnership structure and a trusting family relationship. Also, if some children are not involved in the farm, you wouldn’t be “shuffling” assets to them in this way (this is more for on-farm heirs). Our lawyers will work with your accountant to see if this rollover relief can apply to your succession plan. When applicable, it significantly reduces the tax burden of passing on livestock and equipment, making the transition much more affordable.



Capital Gains Tax (CGT) Reduction Measures

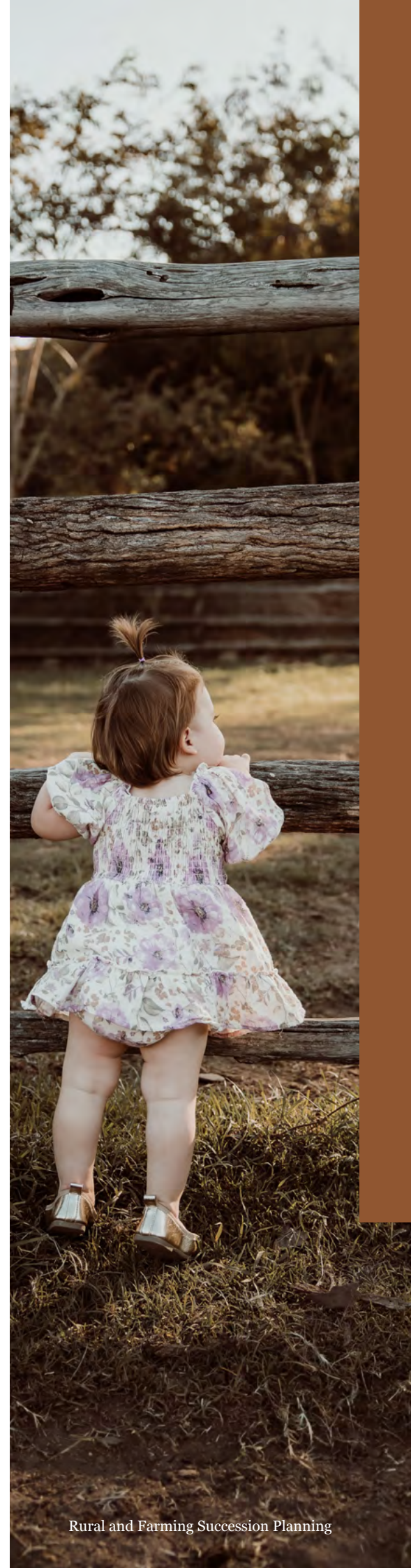
Handing down a farm can potentially trigger capital gains tax (CGT) if the land or business is sold or gifted to the next generation.

The good news is that Australian tax law provides several CGT relief measures for small business owners (which most family farms qualify as) that can greatly reduce or eliminate the tax payable on a farm transfer or sale. Properly utilising these concessions can save the family hundreds of thousands of dollars and keep the farm viable for the next generation.

Key CGT concessions for farm succession include the following:

- 15-Year Exemption
- 50% Active Asset Reduction
- Retirement Exemption:
- Roll-over (Replacement Asset Rollover)

These concessions can often be combined. The rules have eligibility criteria, so it's important to get professional advice. At Arthur Browne & Associates, we work alongside your accountant to plan transactions in a tax-effective way. Our aim is to help you pass on the farm with minimal tax impact, utilising rollovers and exemptions so the family's wealth is preserved. Always consult us before executing a transfer or sale – a bit of planning can result in enormous tax savings.



Understanding Family Provision Claims

One of the biggest risks in poorly planned rural or farming successions is a family provision claim after the parents' death. Under succession laws, if an adult child or other dependent feels they were not adequately provided for in a Will, they can legally contest it.

Family farms/properties are a fertile source of litigation in this area because often one child inherits the farm/property (a high-value asset) while others get less, leading to perceptions of unfairness. Regardless of whether the one child who inherits the farm/property has worked there their entire lives the other child may still have success in their claim.

Consequences of a claim

A Family Provision Claim can tear apart family relationships and even force the sale of the farm/property. Litigation is costly, stressful, and can drag on for years. The value of your estate may be greatly reduced in having to defend your Will against a claim.

How to avoid leaving a legal mess

The best cure is prevention. Open communication and fairness in your planning process (as discussed earlier) will go a long way. If all children understand and accept the succession plan, they're far less likely to resort to legal action later. Document your intentions clearly in a well-drafted Will or Family Trust.

In some cases, parents use life insurance or other assets to "equalise" inheritances – for example, if the farm (worth \$1M) goes to the child who runs it, the parents might leave life insurance payouts or other investments to the other children so that each child ends up with a fair share of overall wealth. Such measures can reduce feelings of exclusion. It's also crucial to regularly update your estate plan if circumstances change (like if one child's involvement in the farm increases or decreases over time).

In summary, planning with an eye to "who gets what" and being upfront with your family can prevent the nightmare of a contested estate. Arthur Browne & Associates will help structure your documents to minimise the risk of Family Provision Claims, ensuring your wishes are carried out and your family stays out of court.

Case Study

Keeping It Fair With Four Children

Let's bring it all together with a hypothetical scenario that is common in rural Queensland:

The Johnson family

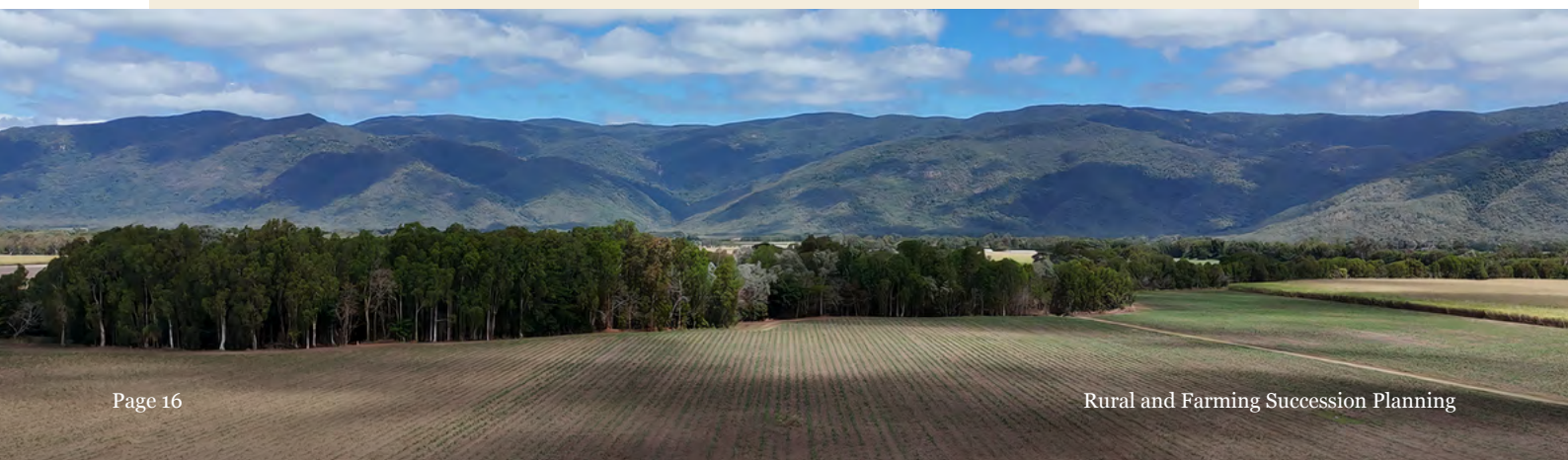
Bob and Mary Johnson have a cattle property. They have four adult children. Only one child (their second son, Jack) stayed on the farm working with them; the other three pursued careers off-farm (teacher, nurse, and electrician). Bob and Mary are now in their late 60's and want to retire. They wish for Jack to take over the farm, but they also want to treat all children equitably. How can they structure their succession to keep everyone happy and the farm running?

Challenges

Jack (On-Farm Son): He has worked the farm since he left school. He's deeply invested in it and essentially runs day-to-day operations now. Understandably, Jack feels he's earned the right to eventually own the farm. If the farm were simply split 4 ways, he might end up having to buy out his siblings or lose control, which could be unfair given his years of unpaid labour on the family property.

Off-Farm Siblings: Jack's sisters and brother love the farm but have their own lives. They don't want to run the farm, but as heirs they do expect a fair inheritance from their parents. Tension could arise if they feel Jack is getting "the lion's share" while they receive much less in value. There's also the issue of liquidity – the farm is valuable but asset-rich/cash-poor. If all four must share its value equally, the only way to give everyone equal cash might be to sell the farm, which nobody actually wants.

Bob & Mary (Parents): They need income for retirement and also worry about family harmony. They don't want a plan that causes their children to fall out after they're gone. Their goals are to let Jack continue the farm (it's been in the family for generations) and to provide for their other children in a way that feels just.



Solution structure


After family meetings and with guidance from Arthur Browne & Associates and their accountants, the Johnsons decide on a plan:

- Jack will take over the farm business (land, livestock, machinery) so he can continue operations. This will be facilitated by utilising the family farm duty concession (no stamp duty on the transfer to him) and a “double shuffle” partnership restructuring so that Jack can take over the trading stock with minimal tax impact. Jack has effectively been “buying in” over the years by reinvesting sweat equity, so the transfer is done at a manageable value.
- Retirement Funding: Bob and Mary enter a vendor finance agreement with Jack. Rather than paying full market price, Jack’s purchase is based on a reduced amount to reflect his contributions to date. To fund this purchase, Jack will make annual payments to his parents over 20 years. This gives Bob and Mary a steady income. In addition, if they pass away, this arrangement continues and the funds would continue to be paid by Jack to the estate upon their death.
- Off-Farm Children’s Share: To keep things fair, the parents use a combination of other assets and tools for the other three children. They had some off-farm investments (including a house in town and some shares) which they earmark for the three children. Additionally, the vendor finance payments from Jack will add to their off-farm investments, if not required for their retirement income needs. This way, under this succession plan, those children receive financial assets roughly equivalent to a substantial portion of the farm’s value, without disturbing the farm ownership.

Outcome

The result is a win-win. Jack continues running the farm he’s dedicated his life to, without the burden of crippling debt or inter-sibling ownership fights. The other children, while they don’t get a piece of the land, feel respected and taken care of – they inherit assets of real value (and the sentimental knowledge that the farm stays in family hands). Bob and Mary secured their retirement needs and the future of the farm. Crucially, by tackling this openly as a family and coming to an agreed plan, they aim to avoid the scenario of siblings ending up in court down the track.

This case study reflects a common scenario and shows how clear communication, creative use of legal/tax tools can lead to a fair outcome for all. As the old saying goes, “fair does not always mean equal”. The plan was tailored so that each child was treated equitably given their contributions and desires, and the farm was not jeopardised.



Succession planning for a rural family is undeniably challenging – it involves balancing heart and head, and navigating law, tax, and family dynamics all at once.

Yet, with early planning and the right guidance, it can be done in a way that strengthens family ties and sets up the next generation for success.

Arthur Browne & Associates is proud to stand by our rural clients in this journey, offering professional advice with a personal, down-to-earth touch. We hope this guide has demystified some of the key issues in farm/rural succession and given you practical ideas to consider. Remember, every farm/property and family is unique, so consider this a starting point – and know that our team is here to help craft a succession plan tailored just for you.

Together, let's secure your family's legacy on the land for generations to come.

Who Are Arthur Browne & Associates?

Arthur Browne & Associates has been servicing the Northern and Western Queensland community since its establishment in 1977.

Under the leadership of Nicola Davison and Simon Turner, the team provides services in the areas of commercial law, rural law, personal injury law, wills, estate planning and deceased estates.

Meet our lawyers:



Nicola Davison



Simon Turner



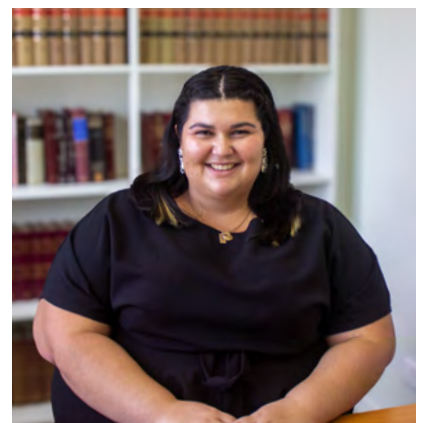
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