

NATIONAL FOOD DONATION TAX INCENTIVE

The current tax system misses an opportunity to motivate food producers, manufacturers, retailers and food service to donate their surplus to food relief. In fact, current tax regulation treats donating as no different to dumping. In addition, there is no tax recognition for contributing the transportation, storage and other logistics required in donating to charities. This makes redirecting surplus to food relief a cost that businesses often cannot carry.



Why is this an issue?

7.6 million tonnes of food each year (70% of which is perfectly edible) is wasted costing the economy over \$36.6 billion while 2 million households experience food insecurity.

The National Food Donation Tax Incentive has the potential to save the equivalent of an additional 100 million meals a year by 2030 when Australia is committed to having halved food waste under the United Nations Sustainable Development Goals.

What is proposed?

The National Food Donation Tax Incentive proposal is to provide a tax incentive broadly in line with the current R&D incentive system. This proposal is smart policy that would help to address the food waste issue, bridge the food relief gap and generate net gains in economic and social returns.

In addition, the proposal is designed to provide particular support to SMEs (e.g. farmers) while encouraging all food businesses, large and small, to redirect their surplus to food relief assisting in achieving the target of halving food waste by 2030.



National Food Donation Tax Incentive

How does it work?

An example of how the incentive would work for a small enterprise is:

A farmer operating a business with a turnover of less than \$20 million has 500kg of zucchinis costing \$1.50 per kilogram that have been produced in excess of customer demand due to a better-than-expected growing season. Instead of dumping the zucchinis, the farmer engages a local transport company at a cost of \$250 to take the zucchinis to a food relief organisation that is a registered charity. The total cost to the farmer of \$1,000 enables him to claim a net cash tax refund of \$200.



The incentive would support primary producers, food processors, manufacturers, wholesalers and retailers, the logistics and transport industry, as well as other service providers who are committed to the reduction of food waste in Australia.

Production



Transport & Logistics



Manufacturing/ Processing



Distribution



Retail



The incentive would be a 'game changer' given it would allow participants across the supply chain to claim a tax offset or deduction for both the donation of food as well as related services, including freight, packaging, storage, and distribution.

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