



# ***PR 2001/74 - Income tax: Frankland River Olive Project 2001***

 This cover sheet is provided for information only. It does not form part of *PR 2001/74 - Income tax: Frankland River Olive Project 2001*

 This document has changed over time. This is a consolidated version of the ruling which was published on *23 May 2001*



## Product Ruling

### Income tax: Frankland River Olive Project 2001

---

Contents	Para
What this Product Ruling is about	1
Date of effect	11
Withdrawal	13
Arrangement	14
Ruling	42
Explanations	52
Example	93
Detailed contents list	95

Potential investors may wish to refer to the ATO's Internet site at <http://www.ato.gov.au> or contact the ATO directly to confirm the currency of this Product Ruling or any other Product Ruling that the ATO has issued.

#### **Preamble**

*The number, subject heading, and the **What this Product Ruling is about** (including **Tax law(s)**, **Class of persons** and **Qualifications** sections), **Date of effect**, **Withdrawal**, **Arrangement** and **Ruling** parts of this document are a 'public ruling' in terms of Part IVAAA of the **Taxation Administration Act 1953**. Product Ruling PR 1999/95 explains Product Rulings and Taxation Rulings TR 92/1 and TR 97/16 together explain when a Ruling is a public ruling and how it is binding on the Commissioner.*

#### **No guarantee of commercial success**

---

The Australian Taxation Office (ATO) **does not** sanction or guarantee these products as investments. Further, we give no assurance that the products are commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential investors must form their own view about the commercial and financial viability of the products. This will involve a consideration of important issues such as whether projected returns are realistic, the 'track record' of the management, the level of fees in comparison to similar products, how the investment fits an existing portfolio, etc. We recommend a financial (or other) adviser be consulted for such information.

This Product Ruling provides certainty for potential investors by confirming that the tax benefits set out below in the **Ruling** part of this document are available, **provided that** the arrangement is carried out in accordance with the information we have been given, and have described below in the **Arrangement** part of this document.

If the arrangement is not carried out as described below, investors lose the protection of this Product Ruling. Potential investors may wish to seek assurances from the promoter that the arrangement will be carried out as described in this Product Ruling.

Potential investors should be aware that the ATO will be undertaking review activities to confirm the arrangement has been implemented as described below and to ensure that the participants in the arrangement include in their income tax returns income derived in those future years.

#### **Terms of use of this Product Ruling**

---

This Product Ruling has been given on the basis that the person(s) who applied for the Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Ruling.

## What this Product Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the 'tax law(s)' identified below apply to the defined class of persons, who take part in the arrangement to which this Ruling relates. In this Ruling this arrangement is sometimes referred to as the Frankland River Olive Project 2001, or just simply as 'the Project'.

### Tax law(s)

2. The tax law(s) dealt with in this Ruling are:
- section 6-5 of the *Income Tax Assessment Act 1997* ('ITAA 1997');
  - section 8-1 (ITAA 1997);
  - section 17-5 (ITAA 1997);
  - Division 27 (ITAA 1997);
  - Division 35 (ITAA 1997);
  - section 82KL of the *Income Tax Assessment Act 1936* ('ITAA 1936');
  - section 82KZM and sections 82KZMB - 82KZMD (ITAA 1936);
  - section 82KZME (ITAA 1936);
  - section 82KZMF (ITAA 1936); and
  - Part IVA (ITAA 1936).

### Goods and Services Tax

3. In this Ruling all fees and expenditure referred to include Goods and Services Tax ('GST') where applicable. In order for an entity (referred to in this Ruling as a Grower) to be entitled to claim input tax credits for the GST included in its expenditure, it must be registered, or required to be registered for GST and hold a valid tax invoice.

### Business Tax Reform

4. The Government is currently evaluating further changes to the tax system in response to the *Ralph Review of Business Taxation* and continuing business tax reform is expected to be implemented over a number of years. Although this Ruling deals with the laws enacted at the time it was issued, future tax changes may affect the operation of

those laws and, in particular, the tax deductions that are allowable. Where tax laws change, those changes will take precedence over the application of this Ruling, and to that extent, this Ruling will be superseded.

5. Taxpayers who are considering investing in the Project are advised to confirm with their taxation adviser that changes in the law have not affected this Product Ruling since it was issued.

### **Note to promoters and advisers**

6. Product Rulings were introduced for the purpose of providing certainty about tax consequences for investors in projects such as this. In keeping with that intention, the Tax Office suggests that promoters and advisers ensure that potential investors are fully informed of any changes in tax laws that take place after the Ruling is issued. Such action should minimise suggestions that potential investors have been negligently or otherwise misled.

### **Class of persons**

7. The class of persons to whom this Ruling applies is those who enter into the arrangement described below on or after the date this Ruling is made. They will have a purpose of staying in the arrangement until it is completed (i.e., being a party to the relevant agreements until their term expires) and deriving assessable income from this involvement as set out in the description of the arrangement. In this Ruling these persons are referred to as 'Growers'.

8. The class of persons to whom this Ruling applies does not include persons who intend to terminate their involvement in the arrangement prior to its completion, or who otherwise do not intend to derive assessable income from it.

### **Qualifications**

9. If the arrangement described in the Ruling is materially different from the arrangement that is actually carried out:

- the Ruling has no binding effect on the Commissioner, as the arrangement entered into is not the arrangement ruled upon; and
- the Ruling will be withdrawn or modified.

10. A Product Ruling may only be reproduced in its entirety. Extracts may not be reproduced. As each Product Ruling is copyright, apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission

from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Manager, Legislative Services, AusInfo, GPO Box 1920, Canberra ACT 2601.

## Date of effect

---

11. This Ruling applies prospectively from 23 May 2001, the date the Ruling is made. However, the Ruling does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a taxation dispute agreed to before the date of issue of the Ruling (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

12. If a taxpayer has a more favourable private ruling (which is legally binding), the taxpayer can rely on the private ruling if the income year to which the private ruling relates has ended, or has commenced but not yet ended. However, if the arrangement covered by the private ruling has not begun to be carried out, and the income year to which it relates has not yet commenced, the Product Ruling applies to the taxpayer to the extent of the inconsistency only (see Taxation Determination TD 93/34).

## Withdrawal

---

13. This Product Ruling is withdrawn and ceases to have effect after 30 June 2004. The Ruling continues to apply, in respect of the tax law(s) ruled upon, to all persons within the specified class who enter into the specified arrangement during the term of the Ruling. Thus, the Ruling continues to apply to those persons, even following its withdrawal, who entered into the specified arrangement prior to withdrawal of the Ruling. This is subject to there being no change in the arrangement or in the persons' involvement in the arrangement.

## Arrangement

---

14. The arrangement that is the subject of this Ruling is described below. This description incorporates the following documents:

- Application for a Product Ruling for Frankland River Olive Project 2001 dated 12 April 2001;
- Draft Prospectus for the Frankland River Olive Project 2001, dated 12 April 2001;
- **Draft Constitution for the Frankland River Olive Project 2001, dated 23 March 2001;**

- **Draft Management Agreement for the Frankland River Olive Project 2001 between APT Projects Ltd [the ‘Responsible Entity’ and ‘Lessor’] and the Grower, dated 11 April 2001;**
- **Draft Lease Agreement for the Frankland River Olive Project 2001 between APT Projects Ltd [the ‘Responsible Entity’ and ‘Lessor’] and the Grower, dated 12 April 2001;**
- Compliance Plan for the Frankland River Olive Project 2001, dated 23 March 2001;
- Head-Lease Agreement between Frankland River Olive Company Ltd [‘Landowner’] and APT Projects Ltd [‘Responsible Entity’] dated 11 April 2001;
- Contracting Agreement between APT Projects Ltd [‘Responsible Entity’] and Southern Olive Management Pty Ltd; and
- Additional correspondence dated 14 May 2001.

**Note:** certain information received from APT Projects Ltd has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

15. The documents highlighted are those the Growers enter into. There are no other agreements, whether formal or informal, and whether or not legally enforceable, which a Grower, or any associate of the Grower, will be a party to, with the exception of finance agreements, to which paragraphs 40 and 41 apply. The effect of these agreements is summarised as follows.

### **Overview**

16. This arrangement is called the Frankland River Olive Project 2001.

Location	South West Region of Western Australia near Frankland
Type of business each participant is carrying on	Commercial growing, and cultivation of olive trees for producing premium olives and olive products.
Number of hectares under cultivation	260
Size of each Grove	0.2 hectares
Number of trees per hectare	250
Expected production	15 tons / hectare

**PR 2001/74**

Minimum Investment	2 Groves
The term of the investment in years	21
Initial cost per Grove	\$4,620 Initial Grove Services Fee of \$4,180 payable on application. Initial Rent of \$440 payable on application where the Lease Agreement is executed on or before 30 June 2001 or after 31 January 2002
Initial cost per hectare	\$23,100 (Where Initial Rent is payable on application)
Ongoing costs	Annual Grove Services Fees Annual Rent Harvesting Services Fees Fee for Processing and Packaging Marketing and Selling Services Fee

17. Growers applying under the Draft Prospectus enter into a Lease Agreement and a Management Agreement for the Project. These agreements are set out in the Schedule to the Constitution. The agreements give a Grower a sub-lease from APT Projects Ltd, over an identifiable area of land called a 'Grove' until 21 years after the Commencement date, the date upon which the Management Agreement is terminated, the date the Project is terminated pursuant to the provisions of the Constitution, or the date of the final distribution to the Growers from the Proceeds (Sales) Fund, whichever happens first. Each Grove is 0.2 hectares in size.

18. The Project Land is situated in the South West Region of Western Australia. The Frankland River Olive Company Ltd is the owner of the land. The Frankland River Olive Company Ltd will lease the land to APT Projects Ltd.

19. APT Projects Ltd will sub-lease the Grove to the Grower to enable the Grower to carry on the business of growing olives for the commercial production of olive products. Growers are specifically granted rights to harvest the olives from time to time on their Grove for this purpose.

20. There is no minimum subscription for this Project and applications made under the Prospectus will not be accepted after 31 May 2002. Each investor must subscribe for a minimum of two Groves, at a cost of \$4,620 per Grove. Each Grove consists of approximately 50 established olive trees (250 trees per hectare). These trees will have been planted before the execution of the Lease and

Management Agreements. The Responsible Entity will only accept and execute Agreements for investors who lodge applications between 1 June and 30 June 2001 where the Initial Grove Services are capable of being completed by 30 June 2001. The Responsible Entity will be monitoring on a daily basis, its ability to complete the Initial Grove Services by 30 June 2001.

21. Each Grower must subscribe for 2000 shares in Frankland River Olive Company Ltd at \$0.80 per share. Each Grower will also be allotted 1 Option per share subscribed for. The Options will entitle the Grower to subscribe for one share in Frankland River Olive Company Ltd in respect of each option held, at \$0.80 per share on or before 21 February 2003.

### **Constitution**

22. The Constitution for the Project sets out the terms and conditions under which the Responsible Entity agrees to act for the Grower and to manage the Project. The Responsible Entity will keep a register of Growers (cl 24.1). Growers are entitled to assign their Grower's Interest in certain circumstances (cl 25.1). The Lease and Management Agreements are annexed to the Constitution and will be executed on behalf of a grower following them signing the Application and a Power of Attorney Form in the Prospectus. Growers are bound by the Constitution by virtue of their participation in the Project.

### **Compliance plan**

23. The Responsible Entity has prepared a Compliance Plan in accordance with the Corporations Law. Under the Compliance Plan, a Compliance Committee will monitor to what extent the Responsible Entity meets its obligations as the Responsible Entity of the Project and that the rights of the Growers are protected.

### **Interest in land**

24. A sub-lease is granted by APT Projects Ltd, to the Grower under the terms of the Lease Agreement (cl 2). Growers are granted an interest in land in the form of a sub-lease to use their Groves for carrying on the business of olive growing (Recital D.). Growers must pay rent annually to the Lessor. The term of a Grower's lease is up until 21 years after the Commencement date, the date upon which the Management Agreement is terminated, the date the Project is terminated pursuant to the provisions of the Constitution, or the date of the final distribution to the Growers from the Proceeds (Sales) Fund, whichever happens first.



## Management Agreement

25. Each Grower enters into a Management Agreement with the Responsible Entity for each Grove. Growers contract with the Responsible Entity to establish and maintain the plantation until maturity.

26. Growers contract with the Responsible Entity to cultivate and care for the olive trees consistent with Good Horticultural Practice. Growers pay an Initial Grove Services Fee for each Grove on application and an Annual Grove Services Fee for the income year ended 30 June 2002 and each year thereafter. Fees for Harvesting Services, Processing and Packaging and Marketing and Selling are also payable under the Management Agreement.

27. The Responsible Entity will carry out the following services under this agreement:

- cultivate, tend, train, prune, fertilise, replant, spray and otherwise care for the Olive Trees as and when required that is consistent with Good Horticultural Practice;
- use all reasonable measures to keep the Grove free from vermin, noxious weeds, pests and diseases;
- maintain all trellising and fences;
- arrange for harvesting of the Olives; and
- use reasonable endeavours to arrange the processing of the Olives and packaging, marketing and sale of the Olive Products.

28. The Responsible Entity will harvest and sell the Olive Products on the Growers behalf, at the highest price possible for the Olive Produce (cl. 13.3). The Responsible Entity must ensure that, pursuant to the Landowner's obligations under the Head – Lease, the Landowner will insure the Grower's Olive Trees and above ground irrigation at its own expense (cl. 17). If the Grower obtains loss of income insurance then the Grower must bear the cost of that insurance (cl 22.1).

29. The Responsible Entity may only be removed from its appointment in accordance with section 601FL and 601FM of the Corporations Law.

## Fees

30. The initial fee payable under the Management Agreement is \$4,180 per Grove payable on application for Initial Grove Services (Items 8 & 9, Schedule to the Management Agreement). Where Growers lodge an application by 31 May 2001, the Initial Grove Services will be completed by 30 June 2001. Where Growers lodge

an application between 1 June 2001 and 30 June 2001, the Management Agreement will only be executed by the Responsible Entity where the Initial Grove Services will be performed by 30 June 2001. For Growers whose Management Agreements are executed after 30 June 2001, the Initial Grove Service will be completed by 30 June 2002.

31. Annual Grove Services Fees of \$1,650 per Grove will be payable for the years ending 30 June 2002, 2003, and 2004. Where the Management Agreement is executed on or before 30 January 2002, this amount is first payable on 31 January 2002. Where the Management Agreement is executed on or after 1 February 2002, this amount is first payable on execution of the Management Agreement. Subsequent fees for the years ended 30 June 2003 and 2004 are due and payable on 31 January of the relevant income year.

32. Annual Grove Services Fees of \$1,210 per Grove, indexed annually, will be payable for the year ended 30 June 2005 and for each subsequent year until termination of the Management Agreement. These fees are due and payable on 31 January of the relevant income year (Item 15, Schedule to the Management Agreement).

33. After harvest Growers must pay to the Responsible Entity a Harvesting Services Fee of \$110 per Grove, indexed annually, upon each and every individual distribution to the Grower of any Net Proceeds of Sales from the Proceeds (Sales) Fund (Item 18, Schedule to the Management Agreement).

34. After harvest, Growers must pay the Responsible Entity a Processing and Packaging Fee of :

- \$0.55 per litre, indexed annually, for the Growers olives that are sold as bulk olive oil;
- \$2.64 per litre, indexed annually, for the Growers olives that are sold as packaged olive oil; and
- \$1.10 per kilogram, indexed annually, for the Growers olives that are sold as table olives.

These amounts will be withheld by the Responsible Entity from each and every individual distribution to the Grower of any Net Proceeds of Sales from the Proceeds (Sales) Fund (Items 21 & 22, Schedule to the Management Agreement).

35. A fee of \$440 per Grove, for Initial Rent is payable by Growers to the Lessor (cl 3.1, Lease Agreement). Where the Lease Agreement is executed on or before 30 June 2001 :

- for the Period commencing on execution of the Lease and ending on 30 June 2001, Initial Rent of \$440 will be payable on application; and

- for the period 1 July 2001 to 30 June 2002, Initial Rent of \$440 per Grove will be payable on 31 January 2002.

36. Where the Lease Agreement is executed on or after 1 July 2001 :

- but before 31 January 2002, Initial Rent of \$440 is payable on 31 January 2002, for the period from execution to 30 June 2002; or
- where the Lease Agreement is executed on or after 31 January 2002, Initial Rent of \$440 is payable on application, for the period from execution until 30 June 2002.

37. Annual rent for the year ended 30 June 2003, and each subsequent year until the termination of the lease, is payable on 31 January in the relevant income year, and is indexed annually commencing from 1 July 2002.

38. Growers will pay a Marketing and Selling Services Fee to the Responsible Entity of 3.3% of each and every distribution to the Grower of any Net Proceeds of Sale from the Proceeds (Sale) Fund (Item 24, Schedule to the Management Agreement).

39. The Application Monies will be banked in the Subscription Fund bank account formed under the Project's Constitution (cl 3.2, 5.1 of the Constitution).

## Finance

40. Growers can fund their investment in the Project themselves, borrow from APT Finance Pty Ltd (a lender associated with the Responsible Entity) or United Pacific Finance Pty Ltd (an independent financier) or borrow from an independent lender.

41. This Ruling does not apply if a Grower enters into a finance agreement that includes or has any of the following features:

- there are split loan features of a type referred to in Taxation Ruling TR 98/22;
- there are indemnity arrangements or other collateral agreements in relation to the loan designed to limit the borrower's risk;
- 'additional benefits' are or will be granted to the borrowers, for the purposes of section 82KL, or the funding arrangements transform the Project into a 'scheme' to which Part IVA may apply;
- terms or conditions are non-arm's length;

- repayments of the principal and payments of interest are linked to the derivation of income from the Projects;
- the funds borrowed, or any part of them, will not be available for the conduct of the Project but will be transferred (by any mechanism, directly or indirectly) back to the lender, or any associate of the lender;
- lenders do not have the capacity under the loan agreement, or a genuine intention, to take legal action against defaulting borrowers; or
- entities associated with the Project, other than APT Finance Pty Ltd and United Pacific Finance Pty Ltd, are involved or become involved, in the provision of finance to Growers for the Project.

## **Ruling**

---

### **Assessable income**

42. A Grower's share of the gross sales proceeds from the Project, less any GST payable on these proceeds, will be assessable income under section 6-5. Section 17-5 excludes from assessable income an amount relating to GST payable on a taxable supply.

### **Section 8-1**

#### ***Deductions where a Grower is not registered nor required to be registered for GST***

43. A Grower may claim tax deductions in the Table below where the Grower:

- participates in the Project by 30 June 2001 to carry on the business of growing olives;
- the Management and Lease Agreements to which they are a party are executed on or before 30 June 2001;
- incurs the fees shown in paragraphs 30 to 38; and
- is not registered nor required to be registered for GST:

**PR 2001/74**

Fee Type	ITAA 1997 Section	Year 1 deduction Year Ended 30 June 2001	Year 2 deduction Year Ended 30 June 2002	Year 3 deduction Year Ended 30 June 2003	Year 4 deduction Year Ended 30 June 2004
<b>Initial Grove Services Fee</b>	8-1	\$4,180			
<b>Annual Grove Services Fee</b>	8-1		\$1,650 – see note (i) below	\$1,650 – see note (i) below	\$1,650 – see note (i) below
<b>Rent</b>	8-1	\$440	\$440 – see note (i) below	\$440 – see notes (i) & (iii) below	\$440 – see notes (i) & (iii) below
<b>Interest</b>	8-1	As incurred - see note (ii) below	As incurred – see note (ii) below	As incurred - see note (ii) below	As incurred - see note (ii) below

**Notes:**

- (i) Where a Grower incurs the Initial Grove Services fee, Annual Grove Services Fee and Rent as required by the Management Agreement and the Lease Agreement those fees are deductible in full in the year incurred. However, if a Grower **chooses** to prepay fees for the doing of things (e.g., the provision of management services or the leasing of land) that will not be wholly done in the same income year as the fees are incurred, then the prepayments rules of the ITAA 1997 may apply to apportion those fees. In such cases, the tax deduction for the prepaid fee **MUST** be determined using the formula shown in paragraph 72 unless the expenditure is ‘excluded expenditure’. ‘Excluded expenditure’, being expenditure of less than \$1,000, is an ‘exception’ to any prepayment rules that apply and is deductible in full in the year in which it is incurred.
- (ii) The deductibility or otherwise of interest arising from agreements entered into with financiers other than APT Finance Pty Ltd or United Pacific Finance Pty Ltd is outside the scope of this Ruling. However, all Growers who enter into agreements to finance their participation in the Project other than with APT Finance Pty Ltd or United Pacific Finance Pty Ltd should read carefully the discussion of the prepayment rules in paragraphs 70 to 77 below as those rules may be applicable if interest is prepaid.

- (iii) For the period commencing 1 July 2002 onwards, the rent is to be indexed by the percentage increase in the Consumer Price Index between the June quarter of the previous financial year and the June quarter of the financial year preceding that year.

**Deductions where a Grower is not registered nor required to be registered for GST**

44. A Grower may claim tax deductions in the Table below where the Grower:

- participates in the Project on or after 1 July 2001 to carry on the business of growing olives;
- the Management and Lease Agreements to which they a party are executed on or after 1 July 2001;
- incurs the fees shown in paragraphs 30 to 38; and
- is not registered nor required to be registered for GST:

Fee Type	ITAA 1997 Section	Year 1 deduction Year Ended 30 June 2001	Year 2 deduction Year Ended 30 June 2002	Year 3 deduction Year Ended 30 June 2003	Year 4 deduction Year Ended 30 June 2004
<b>Initial Grove Services Fee</b>	8-1		\$4,180		
<b>Annual Grove Services Fee</b>	8-1		\$1,650 – see note (i) below	\$1,650 – see note (i) below	\$1,650 – see note (i) below
<b>Rent</b>	8-1		\$440 – see note (i)	\$440 – see notes (i) & (iii) below	\$440 – see notes (i) & (iii) below
<b>Interest</b>	8-1		As incurred - see note (ii) below	As incurred - see note (ii) below	As incurred - see note (ii) below

**Notes:**

- (i) Where a Grower incurs the Initial Grove Services fee, Annual Grove Services Fee and Rent as required by the Management Agreement and the Lease Agreement those fees are deductible in full in the year incurred. However, if a Grower **chooses** to prepay fees for the doing of things (e.g., the provision of management services or the leasing of land) that will not be wholly done in the same income year as the fees are incurred,

then the prepayments rules of the ITAA 1997 may apply to apportion those fees. In such cases, the tax deduction for the prepaid fee **MUST** be determined using the formula shown in paragraph 72 unless the expenditure is 'excluded expenditure'. 'Excluded expenditure', being expenditure of less than \$1,000, is an 'exception' to any prepayment rules that apply and is deductible in full in the year in which it is incurred.

- (ii) The deductibility or otherwise of interest arising from agreements entered into with financiers other than APT Finance Pty Ltd or United Pacific Finance Pty Ltd is outside the scope of this Ruling. However, all Growers who enter into agreements to finance their participation in the Project other than with APT Finance Pty Ltd or United Pacific Finance Pty Ltd should read carefully the discussion of the prepayment rules in paragraphs 70 to 77 below as those rules may be applicable if interest is prepaid.
- (iii) For the period commencing 1 July 2002 onwards, the rent is to be indexed by the percentage increase in the Consumer Price Index between the June quarter of the previous financial year and the June quarter of the financial year preceding that year.

#### **Deductions where a Grower is registered or is required to be registered for GST**

45. Where a Grower who is registered or is required to be registered for GST:

- participates in the Project by 30 June 2001 to carry on the business of growing olives;
- the Management and Lease Agreements to which they a party are executed on or before 30 June 2001;
- incurs the fees shown in paragraphs 30 to 38; and
- is entitled to an input tax credit for the fees

then the tax deductions shown in the Table at paragraph 43 above will exclude any amounts of input tax credit (Division 27 of the ITAA 1997). See Example 1 at paragraph 93.

**Deductions where a Grower is registered or is required to be registered for GST**

46. Where a Grower who is registered or is required to be registered for GST:

- participates in the Project on or after 1 July 2001 to carry on the business of growing olives;
- the Management and Lease Agreements to which they a party are executed on or after 1 July 2001;
- incurs the fees shown in paragraphs 30 to 38; and
- is entitled to an input tax credit for the fees

then the tax deductions shown in the Table at paragraph 44 above will exclude any amounts of input tax credit (Division 27 of the ITAA 1997). See Example 1 at paragraph 93.

**Section 35-55 – losses from non-commercial business activities**

47. For a Grower who is an individual and who enters the Project during the years ended 30 June 2001 and 30 June 2002 the rule in section 35-10 may apply to the business activity comprised by their involvement in this Project. Under paragraph 35-55(1)(b) the Commissioner will decide for the income years ending 30 June 2001 to 30 June 2006 that the rule in section 35-10 does not apply to this activity provided that the Project is carried out in the manner described in this Ruling.

48. This exercise of the discretion in subsection 35-55(1) will not be required where, for any year in question:

- a Grower's business activity satisfies one of the objective tests in sections 35-30, 35-35, 35-40 or 35-45; or
- the 'Exception' in subsection 35-10(4) applies (see paragraph 81 in the Explanations part of this ruling, below).

49. Where either the Grower's business activity satisfies one of the objective tests, the discretion in subsection 35-55(1) is exercised, or the Exception in subsection 35-10(4) applies, section 35-10 will not apply. This means that a Grower will not be required to defer any deductions attributable to his/her business activity in excess of any assessable income from that activity, i.e., any 'loss' from that activity, to a later year. Instead, this 'loss' can be offset against other assessable income for the year in which it arises.

50. Growers are reminded of the important statement made on Page 1 of this Product Ruling. Growers should not see the



Commissioner's decision to exercise the discretion in paragraph 35-55(1)(b) as an indication that the Tax Office sanctions or guarantees the Project or the product to be a commercially viable investment. An assessment of the Project or the product from such a perspective has not been made.

**Sections 82KZM, 82KZMB – 82KZMD, 82KZME, 82KZMF, 82KL and Part IVA**

51. For a Grower who participates in the Project and incurs expenditure as required by the Management Agreement and the Lease Agreement the following provisions of the ITAA 1936 have application as indicated:

- expenditure by the Grower does not fall within the scope of section 82KZM (but see paragraphs 70 to 77);
- expenditure by the Grower does not fall within the scope of sections 82KZMB-82KZMD (but see paragraphs 70 to 77);
- expenditure by the Grower does not fall within the scope of sections 82KZME and 82KZMF (but see paragraphs 70 to 77);
- section 82KL does not apply to deny the deductions otherwise allowable; and
- the relevant provisions in Part IVA will not be applied to cancel a tax benefit obtained under a tax law dealt with in this Ruling.

## **Explanations**

---

**Section 8-1**

52. Consideration of whether the Initial Grove Services Fees, Annual Grove Services Fees and Rent are deductible under section 8-1, begins with the first limb of the section. This view proceeds on the following basis:

- the outgoings in question must have a sufficient connection with the operations or activities that directly gain or produce the taxpayer's assessable income;
- the outgoings are not deductible under the second limb if they are incurred when the business has not commenced; and

- where all that happens in a year of income is that taxpayers contractually commit themselves to a venture that may not turn out to be a business, there can be doubt about whether the relevant business has commenced, and hence, whether the second limb applies. However, that does not preclude the application of paragraph 8-1(1)(a), and determining whether the outgoings in question have a sufficient connection with activities to produce assessable income.

### **Is the Grower carrying on a business?**

53. A horticultural scheme can constitute the carrying on of a business. Where there is a business, or a future business, the gross sale proceeds from the sale of the olive produce from the scheme, will constitute assessable income in their own right. The generation of 'business income' from such a business, or future business, provides the backdrop against which to judge whether the outgoings in question have the requisite connection with the operations that more directly gain or produce this income. These operations will be the tending, maintaining and harvesting of the olives from the trees.

54. Generally, a Grower will be carrying on a business of horticulture where:

- the Grower has an identifiable interest in specific growing trees coupled with a right to harvest and sell the produce from the trees;
- the horticulture activities are carried out on the Grower's behalf; and
- the weight and influence of the general indicators of a business as used by the Courts point to the carrying on of a business.

55. For this Project Growers have, under the Lease Agreement and the Management Agreement, rights in the form of a sub-lease over an identifiable area of land consistent with the intention to carry on a business of growing olive trees. Under the Management Agreement Growers engage the Responsible Entity to cultivate, tend, train, prune, fertilise, replant, spray and otherwise care for the Olive Trees as and when required that is consistent with Good Horticultural Practice and to use all reasonable measures to keep the Grove free from vermin, noxious weeds, pests and diseases. Growers are considered to control their investment.

56. The Lease Agreement provides Growers with more than a chattel interest in the olive trees. The project documentation contemplates Growers will have an ongoing interest in the olive trees.

57. Growers have the right to use the land in question for the business of growing olives and to have the Responsible Entity come onto the land to carry out its obligation under the Lease and Management Agreements. The Growers' degree of control over the Responsible Entity, as evidenced by the Management Agreement and supplemented by the Corporations Law, is sufficient. Under the Project, Growers are entitled to receive regular progress reports on the Responsible Entity's activities. Growers are able to terminate arrangements with the Responsible Entity in certain instances, such as cases of default or neglect. The horticultural activities described in the Management Agreement are carried out on the Growers' behalf.

58. The general indicators of a business, as used by the Courts, are described in Taxation Ruling TR 97/11. Positive findings can be made from the arrangement's description for all the indicators. Growers to whom this Ruling applies intend to derive assessable income from the Project. This intention is related to projections contained in the Application for Product Ruling that suggest the Project should return a 'before-tax' profit to the Growers, i.e., a 'profit' in cash terms that does not depend in its calculation, on the fees in question being allowed as a deduction.

59. Growers will engage the professional services of a Manager with appropriate credentials. There is a means to identify which trees Growers have an interest in. These services are based on accepted horticultural practices and are of the type ordinarily found in horticultural ventures that would commonly be said to be businesses.

60. Growers have a continuing interest in the olive trees from the time the agreements are executed until the cessation of the Project. The horticultural activities are consistent with an intention to commence regular activities that have an 'air of permanence' about them. The Growers' horticultural activities will constitute the carrying on of a business.

61. The Initial Grove Services Fee, the Annual Grove Services Fees and the Rent associated with the horticultural activities will relate to the gaining of income from this business and, hence, have a sufficient connection to the operations by which this income (from the sale of olive produce) is to be gained from this business. They will, thus be deductible under the first limb of section 8-1. Further, no 'non-income producing' purpose in incurring the fee is identifiable from the arrangement. The fee appears to be reasonable. There is no capital component of the Initial Grove Services Fee or the Annual Grove Services Fee. The tests of deductibility under section 8-1 are met. The exclusions do not apply.

**Interest deductibility*****(i) Growers who use APT Finance Pty Ltd or United Pacific Finance Pty Ltd as the finance provider***

62. Some Growers may finance their participation in the Project through a loan facility with APT Finance Pty Ltd or United Pacific Finance Pty Ltd. Under the terms of the Loan Agreement to be entered into between those Growers and APT Finance Pty Ltd or United Pacific Finance Pty Ltd, interest must be paid.

63. Whether the resulting interest costs are deductible under section 8-1 depends on the same reasoning as that applied to the deductibility of the Initial Grove Services Fee. The interest incurred for the year ended 30 June 2001 and in subsequent years of income will be in respect of a loan to finance the Project business operations of growing trees and is therefore directly connected with the gaining of 'business income' from the Project. Such interest will, therefore, have a sufficient connection with the gaining of assessable income to be deductible under section 8-1.

***(ii) Growers who DO NOT use APT Finance Pty Ltd or United Pacific Finance Pty Ltd as the finance provider***

64. The deductibility of interest incurred by Growers who finance their participation in the Project through a loan facility with a bank or financier other than APT Finance Pty Ltd or United Pacific Finance Pty Ltd is outside the scope of this Ruling. Product Rulings only deal with arrangements where all details and documentation have been provided to, and examined by the Tax Office.

65. While the terms of any finance agreement entered into between relevant Growers and such financiers are subject to commercial negotiation, those agreements may require interest to be prepaid. Under the prepayment rules contained in section 82KZME, 'agreement' (defined in subsection 82KZME(4)) is a broad concept and includes all activities that relate to the agreement including those that give rise to deductions or assessable income. It will encompass activities not described in the Arrangement or otherwise dealt with in the Product Ruling, such as a loan to finance participation in the Project.

66. Therefore, unless the prepaid interest is 'excluded expenditure', where such a loan facility requires interest to be prepaid and the requirements of section 82KZME are met, relevant Growers will be required to determine any tax deduction using the formula in subsection 82KZMF(1). The relevant formula is shown above in paragraph 72 and the method is explained in the Examples at paragraph 94.

**Prepayments provisions – sections 82KZM, 82KZMA – 82KZMD, 82KZME and 82KZMF**

67. The prepayments provisions of the ITAA 1936 operate to spread over more than one income year, a deduction for prepaid expenditure that would otherwise be immediately deductible, in full, under section 8-1. These provisions apply to certain expenditure incurred under an agreement in return for the doing of a thing under the agreement (eg. the performance of management services or the leasing of land) that is not wholly done within the same year of income as the year in which the expenditure is incurred.

68. In this Project, the Initial Grove Services Fee \$4,180 and Rent Fee of \$440 per Grove will be incurred on execution of the Management Agreement and the Lease Agreement, where the Agreements are executed prior to 30 June 2001, or on or after 1 February 2002. Where the Lease and Management Agreements are executed between 1 July 2001 and 31 January 2002, the Initial Grove Services Fee will be incurred upon execution of the Management Agreement and the Lease Agreement. The Initial Grove Services Fee and the Rent are charged for providing management services or leasing land to a Grower by 30 June of the year of execution of the Agreements. In particular, the Initial Grove Services Fee is expressly stated to be for a number of specified services.

69. There is also no evidence that might suggest the management services covered by the fee could not be provided within the same year of income as the expenditure in question is incurred. Thus, for the purposes of this Ruling, it can be accepted that no part of the initial fee is for the Responsible Entity doing ‘things’ that are not to be wholly done within the year of income of the fee being incurred. On this basis, provided a Grower incurs expenditure as required by the agreements as set out in paragraphs 30 to 38, then the basic precondition for the operation of the prepayment provisions is not satisfied and fees will be deductible in the year in which they are incurred.

**Growers who choose to pay fees for a period in excess of that required by the Project’s agreements**

70. Although not required under either the Management Agreement or the Lease Agreement, a Grower participating in the Project may choose to prepay fees for a number of years. Where this occurs, contrary to the conclusion reached in paragraph 69 above, the prepayments provisions of the ITAA 1936 will operate to apportion the expenditure and allow an income tax deduction over the period that the prepaid benefits are provided.

71. The amount and timing of tax deductions for any prepaid Annual Grove Services Fees or prepaid Rent otherwise deductible under section 8-1 will depend upon when the respective amounts are incurred and what the 'eligible service period' is, as defined in subsection 82KZL(1), in relation to these amounts. The 'eligible service period' means generally, the period over which the services are to be provided. The relevant provision of the ITAA 1936 will depend on a number of factors including the amount and timing of the prepayment and, where the 'eligible service period' exceeds 13 months, whether the Grower is a 'small business taxpayer'.

72. Where a Grower participating in this Project incurs expenditure in respect of an eligible service period that ends 13 months or less from the time the expenditure was incurred, but also in respect of the doing of a thing not to be wholly done within the income year in which that expenditure has been incurred, and the other tests in section 82KZME are met, then section 82KZMF will apply in the manner set out in the formula below.

$$\text{Expenditure} \times \frac{\text{Number of days of eligible service period in the year of income}}{\text{Total number of days of eligible service period}}$$

In the formula, the 'eligible service period' means, generally, the period to which the services are to be provided.

73. Where a Grower participating in this Project incurs expenditure in respect of a period that ends more than 13 months after that expenditure has been incurred, then section 82KZM will apply if the Grower is a 'small business taxpayer' or section 82KZMD if the Grower is not a 'small business taxpayer'. For a 'small business taxpayer' (see paragraphs 75 to 77) the amount and timing of the allowable deductions will then be calculated using the formula in subsection 82KZM(1) and for non-small business taxpayers using the formula in subsection 82KZMD(2). Both formulae are the same, or effectively the same as that shown in paragraph 72 above, concerning section 82KZMF.

74. A prepaid Annual Grove Services Fee and/or prepaid rent of less than \$1,000 incurred in an expenditure year is 'excluded expenditure' as defined in subsection 82KZL(1). Subsections 82KZM(1), 82KZME(7) and 82KZMA(4) all provide that 'excluded expenditure' is an exception to the prepayment rules discussed above. Therefore, a prepaid fee of less than \$1,000 is deductible in full in the year in which it is incurred. However, where a Grower acquires more than one interest in the Project and the quantum of prepaid Annual Services Fees fee or prepaid rent is \$1,000 or more, then the amount and timing of the deduction allowable must be determined using the formula shown above.

**Small business taxpayers**

75. A 'small business taxpayer' is defined in section 960-335 of the ITAA 1997 as a taxpayer who is carrying on a business and either their 'average turnover' for the year is less than \$1,000,000 or their turnover recalculated under section 960-350 is less than \$1,000,000.

76. 'Average turnover' is determined under section 960-340 by reference to the average of the taxpayer's 'group turnover'. The group turnover is the sum of the 'value of business supplies' made by the taxpayer and entities connected with the taxpayer during the year (section 960-345).

77. Whether a Grower is a 'small business taxpayer' depends upon the circumstances of each Grower and is beyond the scope of this Product Ruling. It is the responsibility of each Grower to determine whether or not they are within the definition of a 'small business taxpayer'.

**Division 35 - losses from non-commercial business activities**

78. Under the rule in subsection 35-10(2) a deduction for a loss incurred by an individual (including an individual in a general law partnership) from certain business activities will not be allowable in an income year unless:

- the 'Exception' in subsection 35-10(4) applies;
- one of four objective tests in sections 35-30, 35-35, 35-40 or 35-45 is met; or
- if one of the objective tests is not satisfied, the Commissioner exercises the discretion in section 35-55.

79. Generally, a loss in this context is, for the income year in question, the excess of an individual taxpayer's allowable deductions attributable to the business activity over that taxpayer's assessable income from the business activity.

80. Under the loss deferral rule in subsection 35-10(2) the relevant loss is not able to be taken into account in the calculation of taxable income in the year that loss arose. Instead, in a later year it may be offset against any income from the same or similar business activity, or, if one of the objective tests is passed, or the Commissioner's discretion exercised, against other income.

81. For the purposes of applying the objective tests, subsection 35-10(3) allows taxpayers to group business activities 'of a similar kind'. Under subsection 35-10(4), there is an 'Exception' to the general rule in subsection 35-10(2) where the loss is from a primary production business activity and the individual taxpayer has other assessable income for the income year from sources not related to that

activity, of less than \$40,000 (excluding any net capital gain). As both subsections relate to the individual circumstances of Growers who participate in the Project they are beyond the scope of this Product Ruling and are not considered further.

82. In broad terms, the objective tests require:

- (a) at least \$20,000 of assessable income in that year from the business activity (section 35-30);
- (b) the business activity results in a taxation profit in 3 of the past 5 income years (including the current year)(section 35-35);
- (c) at least \$500,000 of real property is used on a continuing basis in carrying on the business activity in that year (section 35-40); or
- (d) at least \$100,000 of certain other assets are used on a continuing basis in carrying on the business activity in that year (section 35-45).

83. A Grower who participates in the Project will be carrying on a business activity that is subject to these provisions. Information provided with the application for this Product Ruling indicates that a Grower who acquires the minimum investment of two interests in the Project is unlikely to pass one of the objective tests or produce a taxation profit until the income year ended 30 June 2007. Growers who acquire more than two interests in the Project may however, pass one of the tests in an earlier income year.

84. Therefore, prior to this time, unless the Commissioner exercises an arm of the discretion under paragraphs 35-55(1)(a) or (b), the rule in subsection 35-10(2) will apply to defer to a future income year any loss that arises from the Grower's participation in the Project.

85. The first arm of the discretion in paragraph 35-55(1)(a) relates to 'special circumstances' applicable to the business activity, and has no relevance for the purposes of this Product Ruling. However, for an individual Grower who acquires two interests in the Project, the Commissioner will decide that it would be unreasonable not to exercise the second arm of the discretion in paragraph 35-55(1)(b) for the income years ended 30 June 2001 to 30 June 2006.

86. The second arm of the discretion in paragraph 35-55(1)(b) may be exercised by the Commissioner where:

- (i) the business activity has started to be carried on; and
- (ii) there is an objective expectation that the business activity of an individual taxpayer will either pass one of the objective tests or produce a taxation profit within a



period that is commercially viable for the industry concerned.

87. This Product Ruling is issued on a prospective basis (i.e., before an individual Grower's business activity starts to be carried on). Therefore, if the Project fails to be carried on during the income years specified above (see paragraph 49), in the manner described in the Arrangement (see paragraphs 14 to 45), the Commissioner's discretion will not have been exercised, because one of the key conditions in paragraph 35-55(1)(b) will not have been satisfied.

88. In deciding that the second arm of the discretion in paragraph 35-55(1)(b) will be exercised on this conditional basis, the Commissioner has relied upon:

- the report of the Independent Agricultural Expert; and
- independent, objective and generally available information relating to the Olive industry.

### **Section 82KL - recouped expenditure**

89. The operation of section 82KL depends, among other things, on the identification of a certain quantum of 'additional benefits(s)'. Insufficient 'additional benefits' will be provided to trigger the application of section 82KL. It will not apply to deny the deduction otherwise allowable under section 8-1.

### **Part IVA - general tax avoidance provisions**

90. For Part IVA to apply there must be a 'scheme' (section 177A), a 'tax benefit' (section 177C) and a dominant purpose of entering into the scheme to obtain a tax benefit (section 177D).

91. The Frankland River Olive Project 2001 will be a 'scheme'. A Grower will obtain a 'tax benefit' from entering into the scheme, in the form of tax deductions for the amounts detailed at paragraphs 43 to 46 that would not have been obtained but for the scheme.

However, it is not possible to conclude the scheme will be entered into or carried out with the dominant purpose of obtaining this tax benefit.

92. Growers to whom this Ruling applies intend to stay in the scheme for its full term and derive assessable income from the harvesting and sale of the olive produce. There are no facts that would suggest that Growers have the opportunity of obtaining a tax advantage other than the tax advantages identified in this Ruling. There is no non-recourse financing or round robin characteristics, and no indication that the parties are not dealing with each other at arm's length, or, if any parties are not at arm's length, that any adverse tax consequences result. Further, having regard to the factors to be

considered under paragraph 177D(b) it cannot be concluded, on the information available, that participants will enter into the scheme for the dominant purpose of obtaining a tax benefit.

## **Examples**

### **Example 1 – entitlement to ‘input tax credit’**

93. Margaret, who is registered for GST, invests in the Green Circle Bluegums Project. The management fees are payable on 1 July each year for management services to be provided over the following 12 months. On 1 July 2000 Margaret pays her first year’s management fees of \$5,500 and is eligible to claim a tax deduction for the fees in the income year ended 30 June 2001. The extent of her deduction for the management fees however, is reduced by the amount of any ‘input tax credit’ to which she is entitled. The Project Manager provides Margaret with a ‘tax invoice’ showing its ABN and the price of the taxable supply for management services as \$5,500. Using the details shown on the valid tax invoice, Margaret calculates her input tax credit as:

$$1/11 \times \$5,500 = \$500$$

Therefore, the tax deduction for management fees that she can claim in her income tax return for the year ended 30 June 2001 is \$5,000 (\$5,500 less \$500).

### **Example 2 – Apportionment of Fees**

94. Murray decides to invest in the ABC Pineforest Prospectus which is offering 500 interests of 0.5ha in an afforestation project of 25 years. The management fees are \$5,000 in the first year and \$1,200 for years 2 and 3. From year 4 onwards the management fee will be the previous year’s fee increased by the CPI. The first year’s fees are payable on execution of the agreements for services to be provided in the following 12 months and thereafter, the fees are payable in advance each year on the anniversary of that date. The project is subject to a minimum subscription of 300 interests. Murray provides the Project Manager with a ‘Power of Attorney’ allowing the Manager to execute his Management Agreement and the other relevant agreements on his behalf. On 5 June 2001 the Project Manager informs Murray that the minimum subscription has been reached and the Project will go ahead. Murray’s agreements are duly executed and management services start to be provided on that date.

Murray, who is not registered nor required to be registered for GST calculates his tax deduction for management fees for the **2001 income year** as follows:

**PR 2001/74**

Management fee x  $\frac{\text{Number of days of eligible service period in the year of income}}{\text{Total number of days of eligible service period}}$

$$\$5,000 \times \frac{26}{365}$$

= **\$356** (this is Murray's total tax deduction in 2001 for the Year 1 prepaid management fees of \$5,000. It represents the 26 days for which management services were provided in the 2001 income year).

In the **2002 income year** Murray will be able to claim a tax deduction for management fees calculated as the sum of two separate amounts:

$$\$5,000 \times \frac{339}{365}$$

= **\$4,643** (this represents the balance of the Year 1 prepaid fees for services provided to Murray in the 2002 income year).

$$\$1,200 \times \frac{26}{365}$$

= **\$85** (this represents the portion of the Year 2 prepaid management fees for the 26 days during which services were provided to Murray in the 2002 income year).

**\$4,643 + \$85 = \$4,728** (The sum of these two amounts is Murray's total tax deduction for management fees in 2002).

Murray continues to calculate his tax deduction for prepaid management fees using this method for the term of the Project.

## **Detailed contents list**

---

95. Below is a detailed contents list for this Product Ruling:

	Paragraph
<b>What this Product Ruling is about</b>	<b>1</b>
Tax law(s)	2
Goods and Services Tax	3
Business Tax Reform	4
Note to promoters and advisers	6
Class of persons	7
Qualifications	9
<b>Date of effect</b>	<b>11</b>
<b>Withdrawal</b>	<b>13</b>
<b>Arrangement</b>	<b>14</b>

Overview	16
Constitution	22
Compliance plan	23
Interest in land	24
Management Agreement	25
Fees	30
Finance	40
<b>Ruling</b>	<b>42</b>
Assessable income	42
Section 8-1	43
Deductions where a Grower is <u>not</u> registered nor required to be registered for GST	43
Deductions where a Grower is <u>not</u> registered nor required to be registered for GST	44
Deductions where a Grower is registered or is required to be registered for GST	45
Deductions where a Grower is registered or is required to be registered for GST	46
Section 35-55 – losses from non-commercial business activities	47
Sections 82KZM, 82KZMB – 82KZMD, 82KZME, 82KZMF, 82KL and Part IVA	51
<b>Explanations</b>	<b>52</b>
Section 8-1	52
Is the Grower carrying on a business?	53
Interest deductibility	62
<i>(i) Growers who use APT Finance Pty Ltd or United Pacific Finance Pty Ltd as the finance provider</i>	62
<i>(ii) Growers who DO NOT use APT Finance Pty Ltd or United Pacific Finance Pty Ltd as the finance provider</i>	64
Prepayments provisions – sections 82KZM, 82KZMA – 82KZMD, 82KZME and 82KZMF	67
Growers who choose to pay fees for a period in excess of that required by the Project's agreements	70
Small business taxpayers	75
Division 35 - losses from non-commercial business activities	78
Section 82KL - recouped expenditure	89

**PR 2001/74**

Part IVA - general tax avoidance provisions	90
<b>Examples</b>	<b>93</b>
Example 1 – entitlement to ‘input tax credit’	93
Example 2 – Apportionment of Fees	94
<b>Detailed contents list</b>	<b>95</b>

**Commissioner of Taxation**

23 May 2001

<i>Previous draft:</i>	– ITAA 1997 35-10(3)
Not previously issued in draft form	– ITAA 1997 35-10(4)
	– ITAA 1997 35-30
<i>Related Rulings/Determinations:</i>	– ITAA 1997 35-35
PR 1999/95; TR 92/1; TR 97/11;	– ITAA 1997 35-40
TR 97/16; TR 92/20; TR 98/22;	– ITAA 1997 35-45
IT 175; IT 333; TD 93/34	– ITAA 1997 35-55
	– ITAA 1997 35-55(1)
<i>Subject references:</i>	– ITAA 1997 35-55(1)(a)
– carrying on a business	– ITAA 1997 35-55(1)(b)
– commencement of business	– ITAA 1997 960-335
– primary production	– ITAA 1997 960-345
– primary production expenses	– ITAA 1997 960-350
– management fee expenses	– ITAA 1936 82KL
– producing assessable income	– ITAA 1936 82KZL(1)
– product rulings	– ITAA 1936 82KZM
– public rulings	– ITAA 1936 82KZM(1)
– schemes and shams	– ITAA 1936 82KZMA
– taxation administration	– ITAA 1936 82KZMA(4)
– tax avoidance	– ITAA 1936 82KZMB
– tax benefits under tax avoidance	– ITAA 1936 82KZMC
schemes	– ITAA 1936 82KZMD
– tax shelters	– ITAA 1936 82KZMD(2)
– tax shelters project	– ITAA 1936 82KZME
	– ITAA 1936 82KZME(4)
<i>Legislative references:</i>	– ITAA 1936 82KZMF
– ITAA 1997 6-5	– ITAA 1936 82KZMF(1)
– ITAA 1997 8-1	– ITAA 1936 Pt IVA
– ITAA 1997 8-1(1)(a)	– ITAA 1997 177A
– ITAA 1997 17-5	– ITAA 1997 177C
– ITAA 1997 Div 27	– ITAA 1997 177D
– ITAA 1997 Div 35	– ITAA 1997 177D(b)
– ITAA 1997 35-10	
– ITAA 1997 35-10(2)	

## ATO references:

NO 2001/006803

BO

FOI number: I 1024536

ISSN: 1441 1172