

PR 2004/22A - Addendum - Income tax: Queensland Paulownia Forests Project No. 7 (Revised Arrangement)

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Addendum

Product Ruling

Income tax: Queensland Paulownia Forests Project No. 7 (Revised Arrangement)

This Addendum amends Product Ruling PR 2004/22 to reflect changes to simplified tax system legislation from 1 July 2005 and to correct the Date of Effect.

PR 2004/22 is amended as follows:

1. Paragraph 11

Omit the first sentence and substitute:

This Ruling applies prospectively from 10 March 2004, the date this Ruling is made.

2. Paragraph 39

Omit the paragraph and substitute:

39. To be an 'STS taxpayer' a Grower must be eligible to be an 'STS taxpayer' and must have elected to be an 'STS taxpayer'. Changes to the STS rules apply from 1 July 2005. From that date, STS taxpayers may use the accruals accounting method. For a Grower participating in the Project, the recognition of income and the timing of tax deductions is different under the STS where the Grower uses the cash accounting method.

3. Paragraph 55

Omit the paragraph and substitute:

55. A Grower who is an 'STS taxpayer' using the accruals accounting method will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is derived.

PR 2004/22**4. After paragraph 55**

Insert:

55A. A Grower who is an 'STS taxpayer' using the cash accounting method will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is received.

5. Paragraph 59

(a) Omit the table and substitute:

Fee Type	ITAA 1997 Section	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2006
Year 1 Planting & Maintenance Fee – for 'seasonally dependent agronomic activities'	8-1	\$5,092 See Notes (vi) & (vii)		
Balance of Year 1 Plantation and Maintenance Fees	8-1	\$293 See Notes (vi) & (viii)		
Maintenance fees (Year 2 onwards)	8-1		\$275 See Notes (vi), (iv) & (ix)	\$275 See Notes (vi), (iv) & (ix)
Licence Fee	8-1	\$110 See Notes (vi), (iv) & (ix)	\$110 See Notes (vi), (iv) & (ix)	\$110 See Notes (vi), (iv) & (ix)
Interest	8-1	When paid See Note (x)	When paid See Note (x)	As incurred (STS taxpayers using accruals accounting) Or as paid (STS taxpayers) See Note (x)

- (b) Omit Note (vii) and substitute:
- (vii) Expenditure for 'seasonally dependent agronomic activities' is deductible in the income year in which it is incurred (where the Grower **is not** an 'STS taxpayer' using the cash accounting method) or the year in which it is paid (where the Grower **is** an 'STS taxpayer' using the cash accounting method).
- (c) Omit the third sentence in Note (viii) and substitute:
- 'Excluded expenditure' is an 'exception' to the prepayment rules and is deductible in full in the year in which it is incurred (where the Grower **is not** an 'STS taxpayer' using the cash accounting method) or in the year in which it is paid (where the Grower **is** an 'STS taxpayer' using the cash accounting method) (see Example 3 at paragraph 118).
- (d) Omit the first sentence in Note (ix) and substitute:
- Where a Grower pays the maintenance fees and the licence fees in the relevant income years shown, respectively, in the Plantation and Maintenance Agreement and the Farming Agreement, those fees are not prepayments and are deductible in full in the year in which they are incurred (where the Grower **is not** an 'STS taxpayer' using the cash accounting method) or the year in which they are paid (where the Grower **is** an 'STS taxpayer' using the cash accounting method).

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation
25 January 2006

ATO references

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