

PR 2009/5A1 - Addendum - Income tax: TFS Sandalwood Project 2009

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Addendum

Product Ruling

Income tax: TFS Sandalwood Project 2009

This Addendum amends Product Ruling PR 2009/5 to reflect the addition of a third (preferred) financier for the Project.

PR 2009/5 is amended as follows:

1. Paragraph 6

Omit the fourth dot point; substitute:

- enter into finance arrangements with Arwon Finance Pty Ltd (Arwon), MIS Funding No. 1 (MIS) or Commonwealth Bank of Australia Ltd (CBA), other than as specified in paragraphs 89 to 97 of this Ruling; or

2. Paragraph 37

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

3. Paragraph 39

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

4. Paragraph 41

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

5. Paragraph 47

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

6. Paragraph 48

Omit the last two dot points; substitute:

- Summary of Terms and Conditions for Arwon Finance Pty Ltd, received on 19 December 2008;
- Harvesting and Processing Plantation Grown Indian Sandalwood for Tropical Forestry Services Ltd, dated April 2005;

- further correspondence received 15 April 2009 and 18 May 2009;
- TFS Limited CBA MIS Financing – 2009 Series Term Sheet dated 20 October 2008, received 15 April 2009;
- CBA Loan Application and Loan Agreement, received 15 April 2009;
- Draft 4 of the Origination Deed between Commonwealth Bank of Australia and Tropical Forestry Services Limited, received 15 April 2009; and
- Supplementary Product Disclosure Statement dated 4 March 2009, received 15 April 2009.

7. Paragraph 51

Omit 'Approximately 950 hectares'; substitute 'Up to 1,500 hectares'.

8. Paragraph 55

Omit '5,700 Sandalwood Lots'; substitute 'approximately 8,982 Sandalwood Lots'.

9. Paragraph 86

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

10. Paragraph 87

- (a) Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.
- (b) Omit the last sentence; substitute:

A Grower who enters into a finance arrangement with a lender other than Arwon, MIS or CBA may request a private ruling on the deductibility or otherwise of interest incurred under finance arrangements not covered by this Product Ruling.

11. Paragraph 92

- (a) Omit the heading; substitute:

Finance offered by Arwon, MIS or CBA

- (b) Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

12. Paragraph 93

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

13. Paragraph 94

- (a) Omit 'both Arwon and MIS'; substitute 'Arwon, MIS or CBA'.
- (b) Omit '(up to 3 years)'; substitute '(up to 3 years, for loans with a term of 5 years or more)'.

14. Paragraph 95

Omit 'The following conditions apply to the above loan arrangements'; substitute 'The following conditions apply to the above loan arrangements in respect of Arwon and MIS'.

15. Paragraph 96

Insert the paragraph:

96A. The following conditions apply to the above loan arrangement in respect of CBA:

- monthly repayments of interest only or monthly repayments of principal and interest;
- if a variable interest rate loan is obtained, the rate will be the 'Better Business Loan Variable Benchmark Rate' at the time of application plus a margin of up to 7%; or
- if a fixed interest loan is obtained, the rate will be the 'Better Business Loan Fixed Term Benchmark Rate' at the time of application plus a margin of up to 7% per annum;
- the borrower must pay a loan Establishment Fee of \$250 or 0.25% of the Principal Sum, whichever is the greater;
- a Monthly Loan Service Fee of \$20 per month must be paid; and
- stamp duty and other costs and expenses specified at clauses 7.1 (c)-(f) of the CBA Loan Agreement must be paid, as applicable.

16. Paragraph 97

Omit 'Arwon and MIS'; substitute 'Arwon, MIS or CBA'.

17. Paragraph 98

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

18. Paragraph 127

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

19. Paragraph 130

Omit 'Arwon or MIS'; substitute 'Arwon, MIS or CBA'.

This Addendum applies on and from 24 June 2009.

Commissioner of Taxation

24 June 2009

ATO references

NO: 2006/20258

ISSN: 1441-1172

ATOlaw topic: Income Tax ~~ Product ~~ timber