

# ***PR 2000/61A - Addendum - Income tax: Forestry Tasmania Trees Trust 2000***

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## Addendum

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### **Product Ruling**

### **Income tax: Forestry Tasmania Trees Trust 2000**

#### **At paragraph 14, delete:**

- Correspondence dated 12 April 2000 and 3 May 2000.

#### **and replace with:**

- Correspondence and attachments dated 12 April 2000, 3 May 2000, 14 February 2001 and 14 June 2001.

#### **Add to the Ruling part of the Product Ruling:**

#### **Division 35 – deferral of losses from non-commercial business activities**

#### **Section 35-55 – Commissioner’s discretion**

51.1 For a Grower who is an individual and who entered the Project on or after 17 May 2000 and prior to any withdrawal of this Product Ruling, 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 has decided for the income years ended 30 June 2001 to 30 June 2009 that the rule in section 35-10 does not apply to this business activity provided that the Project has been, and continues to be, carried on in a manner that is not materially different to the arrangement described in this Ruling.

51.2 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.

51.3 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 excess of deductions attributable to their business activity in excess of any assessable income from that activity, i.e., any ‘loss’ from that

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activity, to a later year. Instead, this 'loss' can be offset against other assessable income for the year in which it arises.

51.4 Growers are reminded of the important statement made on Page 1 of this Product Ruling. Therefore, 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.

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**Commissioner of Taxation**

15 August 2001

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ATO references:

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