



PR 2002/76 - Income tax: Willmott Forests Project - 2002 Replacement Prospectus

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 This document has changed over time. This is a consolidated version of the ruling which was published on *29 May 2002*



Product Ruling

Income tax: Willmott Forests Project - 2002 Replacement Prospectus

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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**, **Previous Ruling**, **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 this product. Further, we give no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. 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 this product fits an existing portfolio, etc. We recommend a financial (or other) adviser be consulted for such information.

This Product Ruling provides certainty for potential participants 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, participants lose the protection of this Product Ruling. Potential participants may wish to seek assurances from the promoter that the arrangement will be carried out as described in this Product Ruling.

Potential participants 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 laws' identified below apply to the defined class of persons who take part in the arrangement to which this Ruling refers. In this Ruling this arrangement is sometimes referred to as the Willmott Forests Project - 2002 Replacement Prospectus or simply as 'the Project'.

Tax laws

2. The tax laws 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);
 - Division 328 (ITAA 1997);
 - Section 82KL of the *Income Tax Assessment Act 1936* ('ITAA 1936');
 - Section 82KZL (ITAA 1936);
 - Section 82KZME (ITAA 1936);
 - Section 82KZMF (ITAA 1936);
 - Section 82KZMG (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.

Changes in the Law

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 taxation legislation enacted at the time it was issued, later amendments may impact on this Ruling. Any such changes will take precedence over the application of this Ruling and, to that extent, this Ruling will be superseded.

5. Taxpayers who are considering participating 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 participants in projects such as this. In keeping with that intention, the Tax Office suggests that promoters and advisers ensure that participants are fully informed of any legislative changes after the Ruling is issued.

Class of persons

7. The class of persons to whom this Ruling applies is the persons who are more specifically identified in the Ruling part of this Product Ruling and who enter into the arrangement specified 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. 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. The Commissioner rules on the precise arrangement identified in the Ruling. 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. The Ruling will be withdrawn or modified.

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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 29 May 2002, the date this Ruling is made. However, the Ruling does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a 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 that private ruling if the income year to which it relates has ended or has commenced but not yet ended. However if the arrangement covered by the private ruling has not commenced, and the income year to which it relates has not yet commenced, this 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 2005. 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 arrangement specified below. 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 person's involvement in the arrangement.

Previous Ruling

14. This Ruling replaces Product Ruling PR 2001/147, which is withdrawn on and from the date this Ruling is made (29 May 2002). Product Ruling PR 2001/147 will continue to apply to investors who entered into the Project before 29 May 2002.

Arrangement

15. The arrangement that is the subject of this Ruling is specified below. This arrangement incorporates the following documents:

- Application for a Product Ruling received on 17 August 2001;

- Application for a new Product Ruling dated 26 April 2002;
- Draft Willmott Forests Project - 2002 Replacement Prospectus, undated ('the Prospectus');
- The Project Constitution dated 2 September 1999;
- Compliance Plan for Willmott Forests Limited dated 23 May 2000;
- **Lease Agreement** between Willmott Forests Limited ('WFL') and the Grower;
- **Draft Forestry Management Agreement** between WFL and the Grower;
- **Terms Agreement** between WFL and the Grower;
- Wood Purchase Agreement between Willmott Forests Limited and Austral Softwoods Bombala Pty Ltd dated 31 July 2001;
- Correspondence and attachments from WFL and WFL's Taxation Advisors dated 19 October 2001, 25 October 2001, 31 October 2001, 1 November 2001, 5 November 2001, 15 May 2002, 16 May 2002, 17 May 2002 and 21 May 2002.

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

16. The documents highlighted are those Growers enter into or become a party to. There are no other agreements, whether formal or informal, and whether or not legally enforceable, which a Grower, or any associate of a Grower, will be a party to, which are part of the arrangements to which this Ruling applies. The effect of these agreements is summarised as follows.

Overview

17. This arrangement is called the Willmott Forests Project - 2002 Replacement Prospectus.

Location	Bombala region of south-east New South Wales
Type of business each participant is carrying on	Commercial forestry
Tree species	<i>Pinus radiata</i>
Number of Woodlots under	Unlimited

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cultivation	
Minimum number of Woodlots than can be subscribed for	1 Woodlot
Size of each Woodlot	0.5 Hectare
Minimum number of trees per Woodlot	550 seedlings
The term of the investment	25 years
Initial cost to Growers	\$3,850 per Woodlot
Initial cost per hectare	\$7,700
Ongoing Costs to Growers	There are no ongoing payments for maintenance or lease rental. These costs will be covered by a percentage of Gross Timber Proceeds from the thinnings in Years 13 and 18 of the Project and the Clear Fell in Year 25 of the Project (see paragraphs 30 & 31).
Other costs to Growers	Insurance premiums re fire and wind damage after year 10 if a Grower so desires. Growers will also incur harvesting / marketing costs.
Other possible costs	Any other amounts agreed in writing between WFL and Growers.

18. Growers participating in the Project enter into a Lease Agreement and a Forestry Management Agreement. Growers lease a 0.5 hectare area of land called a 'Woodlot' from WFL for 25 years. A Grower must apply for a minimum of 1 Woodlot. There is no minimum or maximum amount that must be raised under the Prospectus. WFL has stated that the land for the Project is already available and WFL will have freehold title to the Project Land prior to allocation to Growers. Information provided in the Prospectus indicates that the Project Land will be drawn from land within the Bombala region of south-east New South Wales.

Lease Agreement

19. The Lease is granted by WFL ('lessor') to Growers (lessee') under the terms of the Lease Agreement. Growers are granted an

interest in land in the form of a lease to use their Woodlot for the purposes of conducting their afforestation business, including the right to harvest timber grown on the Woodlot. The lease is for 25 years and may be extended by 5 years or until such time as the trees have been harvested and the land made good, whichever is the sooner.

20. The lessee shall not use the land jointly with anyone else and retains the right to say when the trees are to be planted. If the lessee breaches any conditions, the lessor may enter the land to remedy the breaches at cost to the lessee. If the lessee defaults, the lessor can re-enter the land. Re-entry by the lessor ends the lease but the lessor retains all rights under the general law including the right to sue the lessee for unpaid money or for damages for breaches of the lessee's obligations under the lease.

Forestry Management Agreement

21. A Forestry Management Agreement is entered into between WFL ('the Manager') and each Grower. Growers contract with the Manager to establish and maintain the plantation until maturity. The Manager shall use all reasonable endeavours to complete the following works in accordance with good forestry practices in respect of the leasehold property. WFL may delegate its responsibilities.

Part 1 – preparation and planting - Services to be provided in year 1 ('Year 1' being the financial year ended 30 June 2003)

- Preparation works – ripping, mounding and/or ploughing;
- Pre-planting weedicide treatments as required;
- Supply and planting *Pinus radiata* seedlings (high quality *Pinus radiata* cuttings or seedling material) at a minimum rate of 550 per Woodlot;
- Fertilising, where required; and
- Pest control.

Part 2 – maintenance to clear fell (years 2 – 25)

Establishment work in years 2 to 4 as follows:

Year 2

- Supply and replanting of seedlings where required;
- Treatment of re-growth;
- Post-planting weedicide treatments as required;

- Folia analysis of planted stock;
- Construction and maintenance of access road and firebreaks as required; and
- General maintenance inclusive of on going monitoring.

Year 3 – general maintenance including monitoring; attention to regrowth, access roads and firebreaks, fertilising where required.

Year 4 – general establishment work and maintenance, including monitoring, attention to regrowth, access roads and firebreaks.

In years 5 to 25 maintenance work involve further fertilising and general maintenance including attention to regrowth, access roads, firebreaks and selective pruning.

22. The Manager will arrange and pay for public liability insurance for the term of the Project and for insurance against damage caused by events including fire, lightning, hail, aircraft or other aerial devices and/or articles dropped there from, windstorm (including cyclone), removal of debris and snow cover until Year 10 subject to the conditions under the Insurance Policy. After Year 10 the decision to further insure against these risks will be the Grower's responsibility.

23. It is contemplated by the Forestry Management Agreement that Growers who are accepted by 30 June 2002 will have Part 1 services (see above) provided by the Manager between 1 July 2002 and 30 June 2003. Growers who are accepted between 1 July 2002 and 15 November 2002 will have Part 1 services (see above) provided by the Manager between 16 November 2002 and 30 June 2003.

Harvesting and Marketing

24. Harvesting of the trees and marketing of timber are the Grower's decision. The Grower may engage the Manager to arrange for these services to be carried out at the appropriate time or make other arrangements to harvest and market the timber. The Manager's fees and expenses for doing so will be 1% of Gross Timber Proceeds. Harvesting is anticipated to be undertaken in years 13 (1st thinning), 18 (2nd thinning) and 25 (Clear fell).

25. The Manager has entered into a Wood Purchase Agreement with Austral Softwoods Bombala Pty Ltd ('Austral') for the purchase of both sawlogs and pulp marketed or sold through the Manager from plantings made by it on behalf of Growers pursuant to the Prospectus. The Wood Purchase Agreement allows for Austral to have first rights to the supply of sawlogs and pulp from harvesting (when marketed by the Manager) at a price to be set once notification of timber volumes is provided to Austral in accordance with the Wood Purchase

Agreement. If such a price is below other independently sourced prices, Austral can match that price or the Manager (as agent for those Growers who appoint the Manager to market their timber) will be free to deal with any other suitable purchaser at the higher price.

26. Proceeds received by the Manager are to be distributed firstly to the Manager to cover any outstanding annual fees and to reimburse the company for any out of pocket expenses, the remainder is to be distributed to the Growers.

Constitution

27. The Constitution sets out the terms and conditions under which WFL agrees to act for the Growers and to manage the Project. Within 30 days of lodgement of an Application, WFL is required to advise whether the Application has been accepted or rejected. Where the application is accepted, the Manager has two months to place the Grower on the register and provide the Grower with a copy of the Forestry Management Agreement and Lease Agreement. At the conclusion of the Project the Manager has 180 days to sell all of the assets and pass on the net proceeds, after covering costs, to the Growers. Growers are bound by the Constitution by virtue of their acceptance into the Project.

Project Fees

28. The total fee in consideration for Part 1 services under the Forestry Management Agreement is \$3,850 per Woodlot ('initial management fee') and this fee is payable according to the following payment options.

- Cash - \$3,850 payable on application;
- 1 year term – deposit of \$350 payable on application with balance of \$3,500 payable in 12 equal monthly instalments of \$291.67 interest free;
- 2 year term – deposit of \$350 payable on application with balance of \$3,500 payable in 24 equal monthly instalments of \$159.90 inclusive of interest at 9%; or
- 5 year term – deposit of \$700 payable on application with balance of \$3,150 payable in 60 equal monthly instalments of \$65.39 inclusive of interest at 9%.

29. Payments for one, two or five year term monthly instalments will commence on 30 June 2002 or the last business day of the second month after the application is accepted whichever is the later. The last instalment will be adjusted to include any amount of the balance outstanding as at the due date of the last instalment. The monthly

instalments can be paid by direct debit from the Grower's credit card account or other nominated account.

30. For Part 2 services, a maintenance fee of 7% of the Gross Timber Proceeds is required to be paid by each Grower as and when timber is thinned or clear felled and sold.

31. Under the Lease Agreement, lease rentals of 2% of the Gross Timber Proceeds are required to be paid by Growers pursuant to the lease agreement as and when timber is thinned or clear felled and sold.

Application Form ('Application') and Terms Agreement

32. Upon signing the Application, a Grower acknowledges that the full fee of any application monies is immediately due and payable. However, a Grower can apply to have the application money paid by instalments. Payment options available are one, two or five year terms and are as set-out in section 2 of the Application and shown in paragraph 28 above.

33. A Grower who elects to pay the application monies on terms is required to execute the Terms Agreement.

34. Under the Terms Agreement, a Grower declares that the terms for payment of Monies Owing have been extended pursuant to the Application and that this agreement is supplementary to the Application. The Terms Agreement details the terms of payments due under the Application. Monies Owing will be the balance of the Part 1 fee, interest and all other Monies actually or contingently owing under the Application.

35. The Terms Agreement contemplates that payment on terms will be on a full recourse basis in that if a Grower defaults, WFL will pursue the Monies Owing to the full extent permitted by law. WFL has stated that WFL will not release Growers from any liability or commitment to honour their obligations under any of the agreements.

36. Application monies paid on application will be deposited into a trust account known as the Willmott Forests Limited Project – Application Account and will only be released and paid to WFL once the Application is accepted.

Finance

37. Growers who do not pay the initial management fee under the Forestry Management Agreement by instalment (see paragraph 28 above) can fund their investment in the Project themselves, or borrow from an independent lender.

38. This Ruling does not apply if the finance arrangement entered into by the Grower 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 purpose of section 82KL or the funding arrangements transform the Project into a 'scheme' to which Part IVA may apply;
- the loan or rate of interest is non-arm's length;
- repayments of the principal and payments of interest are linked to the derivation of income from the Project;
- 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 are involved or become involved in the provision of finance to Growers for the Project.

Ruling

Application of this Ruling

39. This Product Ruling applies to Growers who will engage the Manager to arrange for the harvesting of the trees and marketing of timber and who are accepted to participate in the Project on or before the expiry date of the Prospectus, such date being no later than 15 November 2002 and who have executed a Forestry Management Agreement and a Lease Agreement on or before that date. The Grower's participation in the Project must constitute the carrying on of a business of primary production.

40. A Grower is not eligible to claim any tax deductions until the Grower's application to enter the Project is accepted and the Project has commenced.

The Simplified Tax System ('STS') - Division 328

41. For a Grower participating in the Project, the recognition of income and the timing of tax deductions is different depending on whether the Grower is an 'STS taxpayer'. To be an 'STS taxpayer' a Grower:

- must be eligible to be an 'STS taxpayer'; and
- must have elected to be an 'STS taxpayer'.

Qualification

42. This Product Ruling assumes that a Grower who is an 'STS taxpayer' is so for the income year in which their participation in the Project commences. A Grower may become an 'STS taxpayer' at a later point in time. Also, a Grower who is an 'STS taxpayer' may choose to stop being an 'STS taxpayer', or may cease to be eligible to be an 'STS taxpayer', during the term of the Project. These are contingencies relating to the circumstances of individual Growers that cannot be accommodated in this Ruling. Such Growers can ask for a private ruling on how the taxation legislation applies to them.

Tax outcomes for Growers who are not 'STS taxpayers'

Assessable Income - Section 6-5

43. That part of the Gross Timber Proceeds from the Project attributable to the Grower's produce, less any GST payable on those proceeds (section 17-5), will be assessable income of the Grower under section 6-5.

44. The Grower recognises ordinary income from carrying on the business of afforestation at the time that income is derived.

Section 8-1: Deduction for initial management fee and interest on terms payment

45. A Grower who is not an 'STS taxpayer' and who is accepted into the Project on or before 30 June 2002 may claim tax deductions for the following revenue expenses.

Fee Type	ITAA 1997 Section	30/6/2002	30/6/2003	30/6/2004
Initial management fee	8-1	\$3,850 – See Notes (i), (ii), (iii) & (iv) (below)	nil	nil
Interest on terms payment	8-1	As incurred – See Notes (ii) & (v) (below)	As incurred – See Notes (ii) & (v) (below)	As incurred – See Notes (ii) & (v) (below)

Notes:

- (i) If the Grower is registered or required to be registered for GST, amounts of outgoing would need to be adjusted as relevant for GST (e.g., input tax credits): Division 27. See example at paragraph 116;
- (ii) If a Grower is accepted into the Project between 1 July 2002 and 15 November 2002 (inclusive), the years ended 30 June 2003, 2004 and 2005 must be substituted for the income years shown in the above table;
- (iii) If a Grower is accepted into the Project on or before 30 June 2002, expenditure for Part 1 services is expenditure for 'seasonally dependent agronomic activities' and is deductible in full in the income year in which it is incurred (see paragraphs 81 to 85);
- (iv) If a Grower is accepted into the Project between 1 July 2002 and 15 November 2002 (inclusive) the initial management fee shown in the Forestry Management Agreement is deductible in full in the year that it is incurred;
- (v) Growers should read the discussion of the prepayment rules in paragraphs 73 to 80 (below) as those rules may be applicable if interest is prepaid. Subject to the 'excluded expenditure' exception, the prepayment rules apply whether the prepayment is required under the relevant agreement or is at the Grower's choice.

Tax outcomes for Growers who are ‘STS taxpayers’**Assessable Income - Section 6-5 and section 328-105**

46. That part of the Gross Timber Proceeds from the Project attributable to the Grower’s produce, less any GST payable on those proceeds (section 17-5), will be assessable income of the Grower under section 6-5.

47. The Grower recognises ordinary income from carrying on the business of afforestation at the time the income is received (paragraph 328-105(1)(a)).

Section 8-1 and section 328-105

48. A Grower who is an ‘STS taxpayer’ and who is accepted into the Project on or before 30 June 2002 may claim tax deductions for the following revenue expenses.

Fee Type	ITAA 1997 Section	30/6/2002	30/6/2003	30/6/2004
Initial management fee	8-1 & 328-105	See Notes (vi), (vii), (viii) & (ix) below		
Interest on terms payment	8-1 & 328-105	When paid – See Notes (vii) & (x) (below)	When paid – See Notes (vii) & (x) (below)	When paid – See Notes (vii) & (x) (below)

Notes:

- (vi) If the Grower is registered or required to be registered for GST, amounts of outgoing would need to be adjusted as relevant for GST (e.g., input tax credits): Division 27. See example at paragraph 116;
- (vii) If a Grower is accepted into the Project between 1 July 2002 and 15 November 2002 (inclusive), the years ended 30 June 2003, 2004 and 2005 must be substituted for the income years shown in the above table;
- (viii) If a Grower who is an ‘STS taxpayer’ and is accepted into the Project on or before 30 June 2002, the expenditure for Part 1 services is expenditure for

‘seasonally dependent agronomic activities’ (see paragraphs 81 to 85). If the Grower chooses to pay the initial management fee by the cash option, then the initial management fee of \$3,850 will be fully paid in the year in which it is incurred. Therefore, the initial management fee of \$3,850 is deductible in full when it is incurred.

However, if the Grower chooses to pay the initial management fee by the terms option, then the initial management fee of \$3,850 will not be fully paid in the year in which it is incurred. The initial management fee is only deductible to the extent to which it has been paid, or has been paid for the Grower. Any amount or part of an amount of the initial management fee which is not paid in the year in which it is incurred, will be deductible in the year in which it is actually paid;

- (ix) If a Grower who is an ‘STS taxpayer’ and is accepted into the Project between 1 July 2002 and 15 November 2002 (inclusive) chooses to pay the initial management fee by the cash option, then the initial management fee of \$3,850 will be fully paid in the year in which it is incurred. Therefore, the initial management fee of \$3,850 is deductible in full when it is incurred.

However, if the Grower chooses to pay the initial management fee by the terms option, then the initial management fee of \$3,850 will not be fully paid in the year in which it is incurred. The initial management fee is only deductible to the extent to which it has been paid, or has been paid for the Grower. Any amount or part of an amount of the initial management fee which is not paid in the year in which it is incurred, will be deductible in the year in which it is actually paid;

- (x) Growers should read the discussion of the prepayment rules in paragraphs 73 to 80 (below) as those rules may be applicable if interest is prepaid. Subject to the ‘excluded expenditure’ exception, the prepayment rules apply whether the prepayment is required under the relevant agreement or is at the Grower’s choice.

Tax outcomes that apply to all Growers

Section 8-1: Deductibility of interest on loans

49. The deductibility or otherwise of interest incurred by Growers who finance their participation in the Project through a loan facility with a bank or other financier is outside the scope of this Ruling.

Product Rulings only rule on the deductibility of expenditure where all details and related documentation have been provided to, and examined by the Tax Office. However all Growers who borrow funds in order to participate in the Project, should read the discussion of the prepayment rules in paragraphs 73 to 80 (below) as those rules may be applicable if interest is prepaid. Subject to the 'excluded expenditure' exception, the prepayment rules apply whether the prepayment is required under the relevant loan agreement or is at the Grower's choice.

Division 35 – Deferral of losses from non-commercial business activities

Section 35-55 – Commissioner's discretion

50. For a Grower who is an individual and who enters the Project during the years ended 30 June 2002 and/or 30 June 2003 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 that the rule in section 35-10 does not apply to this business activity for the income years specified below provided that the Project is carried out in the manner described in this Ruling:

- 30 June 2002 to 30 June 2026 for a Grower who is accepted into the Project on or before 30 June 2002; or
- 30 June 2003 to 30 June 2026 for a Grower who is accepted into the Project between 1 July 2002 and 15 November 2002 (inclusive).

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

- the 'exception' in subsection 35-10(4) applies (see paragraph 103 in the Explanations part of this ruling, below); or
- a Grower's business activity satisfies one of the tests in sections 35-30, 35-35, 35-40 or 35-45; or
- a Grower's business activity produces assessable income for an income year greater than the deductions attributable to it for that year (apart from the operation of subsection 35-10(2)).

52. Where, the 'exception' in subsection 35-10(4) applies, the Grower's business activity satisfies one of the tests, or the discretion in subsection 35-55(1) is exercised, 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 activity,

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

53. 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 commercially viable. An assessment of the Project or the product from this perspective has not been made.

Sections 82KZME – 82KZMF, 82KL, and Part IVA

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

- expenditure by a Grower does not fall within the scope of sections 82KZME - 82KZMF (but see paragraphs 73 to 80);
- 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

Is the Grower carrying on a business?

55. For the amounts set out in paragraph 28 above to constitute allowable deductions the Grower's afforestation activities as a participant in the Willmott Forests Project - 2002 Replacement Prospectus must amount to the carrying on of a business of primary production.

56. Where there is a business, or a future business, the Gross Timber Proceeds from the sale of the wood produce from the Woodlots comprising the Project will constitute gross 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.

57. For schemes such as that of the Willmott Forests Project - 2002 Replacement Prospectus, Taxation Ruling TR 2000/8 sets out in

paragraph 89 the circumstances in which the Grower's activities can constitute the carrying on of a business. As Taxation Ruling TR 2000/8 sets out, these circumstances have been established in court decisions such as *FCT v. Lau* 84 ATC 4929; 16 ATR 55.

58. Generally, a Grower will be carrying on a business of afforestation, and hence primary production, if:

- the Grower has an identifiable interest (by lease or by licence) in the land on which the Grower's trees are established;
- the Grower has a right to harvest and sell the wood produce from those trees;
- the afforestation activities are carried out on the Grower's behalf;
- the afforestation activities of the Grower are typical of those associated with a afforestation business; and
- the weight and influence of general indicators point to the carrying on of a business.

59. In this Project, each Grower enters into a Forestry Management Agreement and a Lease Agreement.

60. Under the Lease Agreement, each individual Grower will have rights over a specific and identifiable area of land. The Lease Agreement provides the Grower with an ongoing interest in the specific trees on the leased area for the term of the Project. Under the Lease, the Grower must use the land in question for the purpose of carrying out afforestation activities, and for no other purpose. The Lease allows the Manager to come onto the land to carry out its obligations under the Forestry Management Agreement.

61. Under the Forestry Management Agreement the Manager is engaged by the Grower to establish and maintain a Woodlot on the Grower's identifiable area of land during the term of the Project. The Manager has provided evidence that it holds the appropriate professional skills and credentials to provide the management services to establish and maintain the Woodlot on the Grower's behalf.

62. The Manager can also be engaged to harvest and sell, on the Grower's behalf, the wood produce grown on the Grower's Woodlot.

63. 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 Project's description for all the indicators.

64. The activities that will be regularly carried out during the term of the Project demonstrate a significant commercial purpose. Based on reasonable projections, a Grower in the Project will derive assessable income from the sale of the wood produce that will return a before-tax

profit, i.e., a profit in cash terms that does not depend in its calculation on the fees in question being allowed as a deduction.

65. The pooling of wood produce from trees grown on the Grower's Woodlot with the wood produce of other Growers is consistent with general afforestation practices. Each Grower's proportionate share of the sale proceeds of the pooled wood products will reflect the proportion of the trees contributed from their Woodlot.

66. The Manager's services are also consistent with general silvicultural practices. They are of the type ordinarily found in afforestation ventures that would commonly be said to be businesses. While the size of a Woodlot is relatively small, it is of a size and scale to allow it to be commercially viable (see Taxation Ruling IT 360).

67. The Grower's degree of control over the Manager as evidenced by the Forestry Management Agreement, and supplemented by the Corporations Act, is sufficient. During the term of the Project, the Manager will provide the Grower with regular progress reports on the Grower's Woodlot and the activities carried out on the Grower's behalf. Growers are able to terminate arrangements with the Manager in certain instances, such as cases of default or neglect.

68. The afforestation activities, and hence the fees associated with their procurement, are consistent with an intention to commence regular activities that have an 'air of permanence' about them. For the purposes of this Ruling, the Grower's afforestation activities in the Willmott Forests Project - 2002 Replacement Prospectus will constitute the carrying on of a business.

The Simplified Tax System - Division 328

69. Subdivision 328-F sets out the eligibility requirements that a Grower must satisfy in order to enter the STS and Subdivision 328-G sets out the rules for entering and leaving the STS.

70. The question of whether a Grower is eligible to be an 'STS taxpayer' is outside the scope of this Product Ruling. Therefore, any Grower who relies on those parts of this Ruling that refer to the STS will be assumed to have correctly determined whether or not they are eligible to be an 'STS taxpayer'.

Section 8-1: Deductibility of the initial management fee

71. Consideration of whether the initial management fee is deductible under section 8-1 begins with the first limb of the section. This view proceeds on the following basis:

- the outgoing 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 a taxpayer is contractually committed 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 the first limb in determining whether the outgoing in question has a sufficient connection with activities to produce assessable income.

72. The initial management fee associated with the afforestation activities will relate to the gaining of income from the Grower's business of afforestation (see above), and hence have a sufficient connection to the operations by which income (from the harvesting and sale of wood produce) is to be gained from this business. It 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 management fee. The tests of deductibility under the first limb of section 8-1 are met. The exclusions do not apply.

Prepayment provisions

Sections 82KZL to 82KZMF

73. The prepayment provisions contained in Subdivision H of Division 3 of Part III of the ITAA 1936 affect the timing of deductions for certain prepaid expenditure. These provisions apply to certain expenditure incurred under an agreement in return for the doing of a thing under the agreement (e.g., the performance of management services or the leasing of land) that will not be wholly done within the same year of income as the year in which the expenditure is incurred. If expenditure is incurred to cover the provision of services to be provided within the same year, then it is not expenditure to which the prepayment rules apply.

74. For this Project, only section 82KZL (an interpretive provision) and sections 82KZME, 82KZMF and 82KZMG are relevant. Subject to section 82KZMG, if the requirements of sections 82KZME and 82KZMF are met, taxpayers determine deductions for prepaid expenditure under section 82KZMF using the formula in

subsection 82KZMF(1) (see paragraph 79 below). These provisions also apply to 'STS taxpayers' because there is no specific exclusion contained in section 82KZME that excludes them from the operation of section 82KZMF.

Sections 82KZME and 82KZMF

75. Other than expenditure deductible under section 82KZMG, if the requirements of subsections 82KZME(2) and (3) are met, the formula in subsection 82KZMF(1) will apply to apportion expenditure that is otherwise deductible under section 8-1 of the ITAA 1997. The requirements of subsection 82KZME(2) will be met if expenditure is incurred by a taxpayer in return for the doing of a thing that is not to be wholly done within the year the expenditure is made. The year in which such expenditure is incurred is called the 'expenditure year' (subsection 82KZME(1)).

76. The requirements of subsection 82KZME(3) will be met where the agreement (or arrangement) has the following characteristics:

- the taxpayer's allowable deductions under the agreement for the 'expenditure year' exceed any assessable income attributable to the agreement for that year; and
- the taxpayer does not have effective day to day control over the operation of the agreement. That is, the significant aspects of the arrangement are managed by someone other than the taxpayer; and
- either :
 - (a) there is more than one participant in the agreement in the same capacity as the taxpayer; or
 - (b) the person who promotes, arranges or manages the agreement (or an associate of that person) promotes similar agreements for other taxpayers.

77. For the purpose of these provisions, the agreement includes all activities that relate to the agreement (subsection 82KZME(4)). This has particular relevance for a Grower who, in order to participate in the Project may borrow funds from a bank or other financiers. Although undertaken with an unrelated party, that financing would be an element of the arrangement. The funds borrowed and the interest deduction are directly related to the activities under the arrangement. If a Grower prepays interest under such financing arrangements, the deductions allowable will be subject to apportionment under section 82KZMF.

78. There are a number of exceptions to these rules, but for Growers participating in this Project, only the 'excluded expenditure' exception in subsection 82KZME(7) is relevant. 'Excluded expenditure' is defined in subsection 82KZL(1). However, for the purposes of Growers in this Project, 'excluded expenditure' is prepaid expenditure incurred under the arrangement that is less than \$1,000. Such expenditure is immediately deductible.

79. Where the requirements of section 82KZME are met, section 82KZMF applies to apportion relevant prepaid expenditure. Section 82KZMF uses the formula below, to apportion prepaid expenditure and allow a deduction over the period that the benefits are provided.

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

80. In the formula 'eligible service period' (defined in subsection 82KZL(1)) means, the period during which the thing under the agreement is to be done. The eligible service period begins on the day on which the thing under the agreement commences to be done or on the day on which the expenditure is incurred, whichever is the later, and ends on the last day on which the thing under the agreement ceases to be done, up to a maximum of 10 years.

Section 82KZMG

81. Under section 82KZMG(1), expenditure is excluded from the prepayment rules that would otherwise apply, to the extent that the prepaid amount satisfies the requirements of subsections 82KZMG(2) to (4).

82. Subsection 82KZMG(2) requires that the expenditure is:

- incurred on or after 2 October 2001 and on or before 30 June 2006;
- the eligible service period must be 12 months or shorter and must end on or before the last day of the year of income after the expenditure year; and
- for the doing of a thing under the agreement that is not to be wholly done within the expenditure year.

83. To satisfy subsection 82KZMG(3) the agreement must satisfy the following requirements:

- it must be an agreement for planting and tending trees for felling;
- be an agreement where the taxpayer does not have day to day control over the operations arising out of the agreement. (A right to be consulted or to give

directions does not equate to day to day control for the purposes of this requirement); and

- either:
 - (i) there must be more than one participant in the agreement in the same capacity as the taxpayer who incurs the expenditure; or
 - (ii) the manager manages, arranges or promotes the agreement, or an associate of the manager, manages, arranges or promotes similar agreements.

84. Under subsection 82KZMG(4) the expenditure incurred by the taxpayer must be paid for 'seasonally dependent agronomic activities' undertaken by the manager during the 'establishment period' for the relevant planting of trees for felling.

85. Subsection 82KZMG(5) defines the 'establishment period' to commence at the time that the first 'seasonally dependent agronomic activity' is performed in relation to a specific planting of trees and to conclude with the planting of trees. Where it is necessary to apply a fertiliser or herbicide to the trees at the same time as planting then those activities fall within the establishment period. Planting of trees refers to the main planting of the particular plantation and expressly excludes specific planting to replace existing seedlings that have not survived.

Application of the prepayment provisions to this Project for Growers who are accepted on or before 30 June 2002

86. Under the Forestry Management Agreement, a Grower who is accepted on or before 30 June 2002 incurs an initial management fee of \$3,850 per Woodlot. This fee consists of expenditure for 'seasonally dependent agronomic activities'. As the requirements of section 82KZMG have been met, a deduction is allowable in the same income year as the expenditure is incurred under the Forestry Management Agreement for 'seasonally dependent agronomic activities'.

87. A Grower who is not an 'STS taxpayer' can claim an immediate deduction for the initial management fee in the income year in which the fee is incurred.

88. Where a Grower who is an 'STS taxpayer' chooses to pay the initial management fee by the cash option, the initial management fee of \$3,850 will be fully paid in the year in which it is incurred. Therefore, the initial management fee of \$3,850 is deductible in full when it is incurred. However, where a Grower who is an 'STS taxpayer' chooses to pay the initial management fee by the terms

option, the initial management fee of \$3,850 will not be fully paid in the year in which it is incurred. The initial management fee is only deductible to the extent to which it has been paid, or has been paid for the Grower. Any amount or part of an amount of the initial management fee which is not paid in the year in which it is incurred, will be deductible in the year in which it is actually paid.

Application of the prepayment provisions to this Project for Growers who are accepted between 1 July 2002 to 15 November 2002 (inclusive)

89. Under the Forestry Management Agreement, a Grower who is accepted between 1 July 2002 to 15 November 2002 (inclusive) incurs the initial management fee of \$3,850 per Woodlot. This fee is for providing preparation and planting services to a Grower until 30 June of the year in which the fee is incurred.

90. On this basis, the basic precondition in subsection 82KZME(2) is not satisfied and, in these circumstances, section 82KZMF will have no application to the initial management fee.

91. A Grower who is not an 'STS taxpayer' can claim an immediate deduction for the initial management fee in the income year in which the fee is incurred.

92. Where a Grower who is an 'STS taxpayer' chooses to pay the initial management fee by the cash option, the initial management fee of \$3,850 will be fully paid in the year in which it is incurred. Therefore, the initial management fee of \$3,850 is deductible in full when it is incurred. However, where a Grower who is an 'STS taxpayer' chooses to pay the initial management fee by the terms option, the initial management fee of \$3,850 will not be fully paid in the year in which it is incurred. The initial management fee is only deductible to the extent to which it has been paid, or has been paid for the Grower. Any amount or part of an amount of the initial management fee which is not paid in the year in which it is incurred, will be deductible in the year in which it is actually paid.

Interest deductibility

(i) Deductibility of interest on terms options

93. Some Growers may choose to pay the initial management fee through one of the terms options. Whether the resulting interest costs are deductible under section 8-1 depends on the same reasoning as that applied to the deductibility of initial management fee.

94. The interest incurred for the year ended 30 June 2002 and in subsequent years of income will be in respect of the initial

management fee being paid in instalments. Such interest will have a sufficient connection with the gaining of assessable income to be deductible under section 8-1.

95. As with the initial management fee, in the absence of any application of the prepayment provisions (see paragraphs 73 to 80), the timing of deductions for interest will again depend upon whether a Grower is an 'STS taxpayer' or is not an 'STS taxpayer'.

96. If the Grower is not an 'STS taxpayer', interest is deductible in the year in which it is incurred.

97. If the Grower is an 'STS taxpayer' interest is not deductible until it has been both incurred and paid, or is paid for the Grower. If interest that is properly incurred in an income year remains unpaid at the end of that income year, the unpaid amount is deductible in the income year in which it is actually paid, or is paid for the Grower.

(ii) Deductibility of interests on loans

98. The deductibility of interest incurred by Growers who finance their participation in the Project through a loan facility with a bank or financier 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.

99. 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. Alternatively, a Grower may choose to prepay such interest. Unless such prepaid interest is 'excluded expenditure', any tax deduction that is allowable will be subject to the relevant prepayments provisions of the ITAA 1936 (see paragraphs 73 to 80).

Division 35 - Deferral of losses from non-commercial business activities

100. Division 35 applies to losses from certain business activities for the income year ended 30 June 2001 and subsequent years. Under the rule in subsection 35-10(2), a deduction for a loss made by an individual (including an individual in a general law partnership) from certain business activities will not be taken into account in an income year unless:

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

101. 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.

102. Losses that cannot be taken into account in a particular year of income, because of subsection 35-10(2), can be applied to the extent of future profits from the business activity, or are deferred until one of the tests is passed, the discretion is exercised, or the exception applies.

103. For the purposes of applying Division 35, 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.

104. In broad terms, the 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 (excluding cars, motor cycles and similar vehicles) are used on a continuing basis in carrying on the business activity in that year (section 35-45).

105. 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 allocation of one Woodlot is unlikely to have their activity pass one of the tests until the income year ended 30 June 2027. Growers who acquire more than one interest in the Project may however, find that their activity meets one of the tests in an earlier income year.

106. 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.

107. 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, the second arm of the discretion in paragraph 35-55(1)(b) may be exercised where the business activity has started to be carried on and for that, or those income years:

- (i) because of its nature, it has not yet met one of the tests set out in Division 35; and
- (ii) there is an expectation that the business activity of an individual taxpayer will either pass one of the tests or produce a taxation profit within a period that is commercially viable for the industry concerned.

108. Information provided with this Product Ruling application indicates that a Grower who acquires the minimum allocation of one Woodlot in the Project is expected to be carrying on a business activity that will pass one of the tests in the income year ended 30 June 2027 or will produce a taxation profit, for the income years ended 30 June 2015 and 30 June 2020.

109. The Commissioner will decide for such a Grower that it would be reasonable to exercise the second arm of the discretion for all income years up to, and including the income year ended 30 June 2026. The taxation profit that is projected for the income years ended 30 June 2015 and 30 June 2020 do not affect the period of the Commissioner’s discretion as they are considered to be ‘one-off’ events that are specific to the afforestation industry.

110. This Product Ruling is issued on a prospective basis (i.e., before an individual Grower’s business activity starts to be carried on). The Project, however, may fail to be carried on during the income years specified above (see paragraph 50) in the manner described in the Arrangement (see paragraphs 15 to 38). If so, this Ruling, and specifically the decision in relation to paragraph 35-55(1)(b), that it would be unreasonable that the loss deferral rule in subsection 35-10(2) not apply, may be affected, because the Ruling no longer applies (see paragraph 9). Growers may need to apply for private rulings on how paragraph 35-55(1)(b) will apply in such changed circumstances.

111. 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 independent forester and market reports provided with the application by WFL; and
- independent, objective, and generally available information relating to the afforestation industry.

Section 82KL – recouped expenditure

112. 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 anti-avoidance provisions

113. 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).

114. The Willmott Forests Project - 2002 Replacement Prospectus 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 45 and 48, 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.

115. 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 wood 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 at arm’s length or, if any parties are not dealing 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.

Example**Example – Entitlement to GST input tax credits**

116. Susan, who is a sole trader and registered for GST, contracts with a manager to manage her viticulture business. Her manager is registered for GST and charges her a management fee payable every six months in advance. On 1 December 2001 Susan receives a valid tax invoice from her manager requesting payment of a management fee in advance, and also requesting payment for an improvement in

the connection of electricity for her vineyard that she contracted him to carry out. The tax invoice includes the following details:

Management fee for period 1/1/2002 to 30/6/2002 **\$4,400***

Carrying out of upgrade of power for your vineyard
as quoted \$2,200*

Total due and payable by 1 January 2002 \$6,600
(includes GST of \$600)

*Taxable supply

Susan pays the invoice by the due date and calculates her input tax credit on the management fee (to be claimed through her Business Activity Statement) as:

$$1/11 \times \$4400 = \$400.$$

Hence her outgoing for the management fee is effectively \$4400 *less* \$400, or \$4000.

Similarly, Susan calculates her input tax credit on the connection of electricity as:

$$1/11 \times \$2200 = \$200.$$

Hence her outgoing for the power upgrade is effectively \$2200 *less* \$200, or \$2000.

In preparing her income tax return for the year ended 30 June 2002, Susan is aware that the management fee is deductible in the year incurred. She calculates her management fee deduction as \$4000 (not \$4400).

Susan is aware that the electricity upgrade is deductible 10% per year over a 10 year period. She calculates her deduction for the power upgrade as \$200 (one tenth of \$2000 only, not one tenth of \$2200).

Detailed contents list

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Commissioner of Taxation

29 May 2002

Previous draft:

Not previously issued in draft form

- public rulings
- schemes and shams
- taxation administration
- tax avoidance

Related Rulings/Determinations:

TR 92/1; TR 92/20; TD 93/34;
TR 97/11; TR 97/16; TR 98/22;
TR 2000/8; PR 1999/95; IT 360

*Legislative references:**Subject references:*

- carrying on a business
- commencement of business
- fee expenses
- interest expenses
- management fee expenses
- producing assessable income
- product rulings

- ITAA 1936 82KL
- ITAA 1936 82KZL
- ITAA 1936 82KZL(1)
- ITAA 1936 82KZME
- ITAA 1936 82KZME(1)
- ITAA 1936 82KZME(2)
- ITAA 1936 82KZME(3)
- ITAA 1936 82KZME(4)
- ITAA 1936 82KZME(7)
- ITAA 1936 82KZMF
- ITAA 1936 82KZMF(1)

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- ITAA 1936 82KZMG
- ITAA 1936 82KZMG(1)
- ITAA 1936 82KZMG(2)
- ITAA 1936 82KZMG(3)
- ITAA 1936 82KZMG(4)
- ITAA 1936 82KZMG(5)
- ITAA 1936 Pt IVA
- ITAA 1936 177A
- ITAA 1936 177C
- ITAA 1936 177D
- ITAA 1936 177D(b)
- ITAA 1997 6-5
- ITAA 1997 8-1
- ITAA 1997 17-5
- ITAA 1997 Div 27
- ITAA 1997 Div 35
- ITAA 1997 35-10
- ITAA 1997 35-10(2)
- ITAA 1997 35-10(3)
- ITAA 1997 35-10(4)
- ITAA 1997 35-30
- ITAA 1997 35-35
- ITAA 1997 35-40
- ITAA 1997 35-45
- ITAA 1997 35-55
- ITAA 1997 35-55(1)
- ITAA 1997 35-55(1)(a)
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- ITAA 1997 328-105
- ITAA 1997 328-105(1)(a)
- ITAA 1997 Subdiv 328-F
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Case references:

- FCT v. Lau 84 ATC 4929;
16 ATR 55

ATO references:

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