

PR 2003/12A2 - Addendum - Income tax: Forest Enterprises Plantation Project 2003

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Addendum

Product Ruling

Income tax: Forest Enterprises Plantation Project 2003

This Addendum amends Product Ruling PR 2003/12 to reflect changes to simplified tax system legislation from 2005-06 onwards.

PR 2003/12 is amended as follows:

1. Paragraph 44

Replace the paragraph with:

44. 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 under the STS where the Grower uses the cash accounting method is different.

2. Paragraph 50

After the paragraph insert:

50A. For the 2005-06 income year and later years, a Grower's ordinary income from carrying on a business of afforestation will be assessable in the income year in which that income is derived where that Grower uses the accruals accounting method, or in the income year in which that income is received where that Grower uses the cash accounting method.

3. Paragraph 51

- (a) In the first sentence, replace 'Grower' with "**2003 Grower**".
- (b) Omit the last sentence.

PR 2003/12

(c) After the table insert:

51A. **‘2004 Growers’** may claim tax deductions for the following revenue expenses.

Fee Type	ITAA 1997 Sections	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2006
Establishment Fee	8-1	\$2,750 See Notes (vi), (vii) & (viii)		
Interest on loans with FEA Ltd	8-1	As incurred See Notes (vii) & (ix)	As incurred See Notes (vii) & (ix)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting); or As paid (STS taxpayers using cash accounting) See Notes (vii) & (ix)
Insurance, Land Tax and Rates	8-1	As incurred See Notes (vii) & (x)	As incurred See Notes (vii) & (x)	As incurred (Non-STS taxpayers & STS taxpayers using accruals accounting); or As paid (STS taxpayers using cash accounting) See Notes (vii) & (x)
Stamp duty on lease	25-20	As incurred See Note (xi)	Nil	Nil

- (d) Replace Note (vii) with:
- (vii) For the 2002-03 to 2004-05 income years, an amount shown in the table above is deductible in full in the year in which it is paid.
- For the 2005-06 income year, an amount shown in the table above is deductible in full in the year that it is incurred where the Grower is an 'STS taxpayer' using the accruals accounting method, or in the year it is paid where the Grower is an 'STS taxpayer' using the cash accounting method.

4. Paragraph 93

After 'If the Grower is not an 'STS taxpayer'' insert:

or an 'STS taxpayer' using accruals accounting method (for the 2005-06 income year).

5. Paragraph 94

- (a) Replace the first sentence with:
- If the Grower is an 'STS taxpayer' (for the 2002-03 to 2004-05 income years) or an 'STS taxpayer' using the cash accounting method (for the 2005-06 income year), interest is not deductible until it has been both incurred and paid.
- (b) Omit 'or is paid for the Grower' from the second sentence.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

2 November 2005

ATO references

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