



PR 2003/36 - Income tax: Frankland River Olives Stage 5

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 This document has changed over time. This is a consolidated version of the ruling which was published on 4 June 2003



Product Ruling

Income tax: Frankland River Olives Stage 5

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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**, **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 these products as investments. Further, we give no assurance that the products are commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

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

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

Potential investors 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 'Frankland River Olives Stage 5' or simply as 'the Project'.

Tax law(s)

2. The tax law(s) 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 70 (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); 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. The class of persons to whom this Ruling applies does not include Growers who elect to harvest and market their own olives from their Grove(s).

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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Date of effect

11. This Ruling applies prospectively from 4 June 2003, 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 2006. 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.

Arrangement

14. The arrangement that is the subject of this Ruling is described below. This description incorporates the following documents:

- Application for a Product Ruling for Frankland River Olives Stage 5 dated 16 January 2003 as constituted by documents provided on 17 January 2003, 20 January 2003, 24 March 2003, 9 April 2003, April 10 2003, 11 April 2003 and 12 April 2003; and additional correspondence dated 4 February 2003, 11 March 2003, 12 March 2003, 11 April 2003, 13 May 2003, 16 May 2003 and 19 May 2003;
- Draft Prospectus for Frankland River Olives Stage 5;
- **Draft Constitution for Frankland River Olives Stage 5;**
- **Draft Management Agreement for Frankland River Olives Stage 5 between Frankland River Olive Company Ltd ('Responsible Entity') and the Grower;**
- Draft Operations Agreement for Frankland River Olives Stage 5 between Frankland River Olive Company Ltd ('Responsible Entity') and Southern Olive Management Pty Ltd ('Manager');
- **Draft Lease Agreement for the Frankland River Olives Stage 5 between Frankland River Olive Company Ltd ('Responsible Entity' and the 'Lessor') and the Grower;** and
- Compliance Plan for the Frankland River Olive Project 2001, dated 23 March 2001.

Note: certain information received from Frankland River Olive Company Ltd has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

15. The documents highlighted are those the Growers enter into. There are no other agreements, whether formal or informal, and whether or not legally enforceable, which a Grower, or any associate of the Grower, will be a party to that are part of the arrangement to which this Ruling applies.

16. All Australian Securities and Investments Commission (ASIC) requirements are, or will be, complied with for the term of the agreements. The effect of the agreements may be summarised as follows.

Overview

17. This arrangement is called the Frankland River Olives Stage 5 and is summarised as follows:

Location	South West Region of Western Australia near Frankland
Type of business each participant is carrying on	Commercial growing and cultivation of olive trees for producing premium olives and olive products
Number of hectares under cultivation	140
Size of each Grove	0.2 hectares
Number of trees per hectare	250
The term of the investment in years	19 years
Initial cost per Grove	\$4,853
Initial cost per hectare	\$24,265
Share subscription for 1000 shares	\$900
Ongoing costs	Management fees Rent Harvesting Fees Processing and Packaging Fees Marketing Fees

The Project

18. The Frankland River Olives Stage 5 is registered as a Managed Investment Scheme under the *Corporations Act 2001*. The Responsible Entity for the Project is Frankland River Olives Company Ltd.

19. The Project Land is situated in the South West Region of Western Australia. Frankland River Olive Company Ltd is the owner of the property.

20. Growers applying under the Prospectus enter into a Lease Agreement and a Management Agreement. The Lease Agreement gives a Grower a lease from Frankland River Olive Company Ltd, over an identifiable area of land called the 'Leased Area'. This lease operates until the Project is terminated pursuant to the provisions of the Constitution, or the date of the final distribution to the Communal Growers, or the date on which the Growers resolve to terminate the Management Agreement or the 30th day of June 2021, whichever happens first. A 'Communal Grower' is defined in paragraph 34.

21. Frankland River Olive Company Ltd will lease the Leased Area to the Grower to enable the Grower to carry on the business of running an olive grove for the commercial production of Olive Products. The term 'Grove' refers to the olive grove established on the leased land. Each Grove is a discrete area of land measuring 0.2 hectares in size. Growers are specifically granted rights to harvest the olives from time to time on their Grove for this purpose.

22. Under the Management Agreement, Growers appoint the Responsible Entity to manage their Grove. The Responsible Entity will enter into an Operations Agreement with Southern Olive Management Pty Ltd ('Manager') to perform the services required under the Management Agreement.

23. There is no minimum subscription for this Project and applications made under the Prospectus will not be accepted after 30 June 2003. Each investor may subscribe for a minimum of one Grove, at a cost of \$4,853 per Grove. A minimum of 50 trees have been planted on each Grove (250 trees per hectare).

24. Each Grower must also subscribe for 1000 shares in Frankland River Olive Company Ltd at \$0.90 per share. An option is attached to each share which may be exercised on or before 21 February 2004 at \$0.80 per share.

25. Growers will execute a Power of Attorney enabling the Responsible Entity, Frankland River Olive Company Ltd, to act on their behalf as required, when they make an application for a Grove.

26. The Responsible Entity will only accept applications and execute the relevant agreements during the period 16 June 2003 to 27 June 2003 where they are certain that all the services to be provided in the initial period will be completed by 30 June 2003.

Constitution

27. The Constitution for the Project sets out the terms and conditions under which the Responsible Entity agrees to act for the Grower and to manage the Project. The Responsible Entity will keep a register of Growers (clause 7.1). Growers are entitled to assign their Grower's Interest in certain circumstances (clause 5.1). The Lease and Management Agreements are annexed to the Constitution and will be executed on behalf of a Grower following them signing the Application and a Power of Attorney Form in the Prospectus. Growers are bound by the Constitution by virtue of their participation in the Project.

Compliance Plan

28. The Responsible Entity has prepared a Compliance Plan in accordance with the Corporations Law. Under the Compliance Plan, a Compliance Committee will monitor to what extent the Responsible Entity meets its obligations as the Responsible Entity of the Project and that the rights of the Growers are protected.

Interest in Land

29. A lease is granted by the Land Owner, Frankland River Olive Company Ltd, to the Grower under the terms of the Lease Agreement (clause 2). Growers are granted an interest in land in the form of a lease to use their Groves for carrying on the business of running an Olive Grove (clause 4.1). Growers must pay rent annually to the Lessor (see paragraph 50). The term of a Grower's lease is up until the termination date of the Project (see paragraph 30).

Management Agreement

30. Each Grower enters into a Management Agreement with the Responsible Entity to carry out the Grove Services for each Grove. The termination of the Project will be the date on which the Project is wound up pursuant to clause 20 of the Constitution, or the date of payment of the final distribution to the Communal Growers, or the date on which the Growers resolve to terminate the Management Agreement or the 30th day of June 2021, whichever happens first.

31. Growers contract with the Responsible Entity to cultivate and care for the olive trees consistent with good horticultural practice. Growers pay a Management Fee for each Grove on subscription and an annual management fee thereafter (see paragraph 45).

32. The Responsible Entity will provide the following services during the initial period:

- supervise the establishment and maintain an irrigation system on the Leased Area;
- cultivate, tend, train, prune, fertilise, replant, spray and otherwise care for the Olive Trees as and when required that is consistent with Good Horticultural Practice;
- keep in good repair access laneways within the Leased Area;
- use all reasonable measures to keep the Grove free from vermin, noxious weeds, pests and diseases;
- maintain in good repair and condition adequate firebreaks in and about the Grove;

- maintain all trellising and fences;
- replace any Olive Trees that fail to establish or die during the initial period;
- attend to the Growers obligations under the Lease Agreement; and
- attend to administration services associated with the Scheme for the initial period.

33. The Responsible Entity will carry out the following ongoing services under this agreement:

- supervise the establishment and maintain an irrigation system on the Leased Area;
- cultivate, tend, train, prune, fertilise, replant, spray and otherwise care for the Olive Trees as and when required that is consistent with Good Horticultural Practice;
- keep in good repair access laneways within the Leased Area;
- use all reasonable measures to keep the Grove free from vermin, noxious weeds, pests and diseases;
- maintain in good repair and condition adequate firebreaks in and about the Grove;
- maintain all trellising and fences;
- replace any Olive Trees that fail to establish or die during the first five years of the Scheme;
- arrange for harvesting of the Olives;
- use reasonable endeavours to arrange the processing of the Olives and the packaging, marketing and sale of the Olive Products;
- attend to the Growers obligations under the Lease Agreement; and
- attend to administration services associated with the Scheme.

34. A Grower may elect to collect their own harvested olives and to take sole responsibility for their processing and for marketing of any resultant olive oil (clause 6.1). A Communal Grower is a Grower who

- does not make the election under clause 6.1; or
- makes the election but is deemed not to have made the election pursuant to clause 6.4.

Where Growers do not elect, the Responsible Entity will harvest, process and package the Olives and market the Olive Products on any such terms as the Responsible Entity considers appropriate and advantageous for the Grower (clause 7). The Responsible Entity will be responsible for paying for the cost of annual insurance on the Grove (clause 9.1).

Operations Agreement

35. Under the Operations Agreement, the Responsible Entity appoints Southern Olive Management Pty Ltd as the Manager to perform the Responsible Entity's obligations under the Management Agreement on the same terms and conditions as set out in the Management Agreement.

Planting

36. Under the Lease Agreement, Frankland River Olives Ltd as Lessor, has planted, established and cultivated the Olive Trees on each of the Leased Areas. The Olive Trees for Frankland River Olives Stage 5 were planted on each Grove by 30 June 2001.

Cultivation and Harvesting

37. For the term of the Project, the Responsible Entity will maintain the trees in accordance with good horticultural practice. The services to be provided by the Responsible Entity over the term of the Project are outlined in the Management Agreement (item 6, Schedule to the Management Agreement).

38. The Responsible Entity will be responsible for harvesting or arranging for some other person to harvest the Olives. The harvest shall take place in each year of the Term of the Project that there is a commercially harvestable crop, at such time or times as in the opinion of the Responsible Entity will maximise the return to the Grower.

39. The Responsible Entity may pool all or any of the olives sourced from olive trees planted in the same calendar year which are grown by Frankland River Olives Pty Ltd.

40. Under the Operations Agreement, the Responsible Entity has appointed the Manager to provide the cultivation and harvesting services required under the Management Agreement.

Processing and Sale of Olive Products

41. The Responsible Entity is responsible for arranging the processing of the Olives and the packaging, marketing and sale of the Olive Products.

42. The Manager may purchase external olives from the same region or suitable olive cultivation area on behalf of the Responsible Entity to produce Olive Products.

43. The Gross Proceeds of the sale of the Olive Products will be paid into one or more Proceeds Fund Bank Accounts. Proceeds received by the Responsible Entity are to be distributed in the following order of priority:

- to the Responsible Entity for any amounts it is entitled to under clause 10.3(b) of the Constitution;
- any Annual Payments payable by any of the Communal Growers that may be due but unpaid, plus interest at the Interest Rate Payable (the overdraft rate of the National Australia Bank, plus 2%) from the due date for payment;
- any amounts payable by the Growers under the Lease Agreement and Management Agreement and the Constitution (clause 10.3(b) of Constitution); and
- the Net Proceeds to the Communal Growers.

44. Under the Operations Agreement, the Responsible Entity appoints the Manager to be responsible for arranging the processing of the Olives and the packaging, marketing and sale of the Olive Products.

Fees

45. The initial fee payable under the Management Agreement is \$4,400 per Grove payable on application for the care and cultivation of the trees (clause 10 of Management Agreement). These services will be carried out by 30 June 2003.

46. The Management Fee of \$2,640 for services to be carried out in the period 1 July 2003 to 30 June 2004 is payable on or before 1 December 2003.

47. The Management Fee of \$2,365 for services to be carried out in the period 1 July 2004 to 30 June 2005 is payable on or before 1 December 2004.

48. For the periods commencing 1 July 2005 and onwards, the annual Management Fee of \$1,485 indexed by the percentage increase in the Consumer Price Index in the four quarters preceding the

payment date, is payable for each financial year on or before 1 December of the year in which the services are provided.

49. After harvest, Growers must pay the Responsible Entity:

- a Harvest Fee of \$2.20 per tree;
- a Processing and Packaging Fee of \$1.82 per package litre; and
- a Marketing Fee of 3.3% of sale proceeds.

These amounts will be withheld by the Responsible Entity from the Communal Grower's Proportional Interest in the Gross Proceeds, before distributing the Net Proceeds from the sale of the Olive Products to the Growers.

50. Under the Lease Agreement, a Lease Fee of \$453 is payable on application for rent for the period up to 30 June 2003. For each subsequent financial year, the amount of rent is calculated by indexing the rent paid in the prior year by the percentage increase in the Consumer Price Index over the prior year. This is payable on or before 1 December of each financial year.

51. The Subscription Sum, which is the amount payable by the Grower pursuant to the Prospectus, will be banked in the Subscription Fund bank account formed under the Project's Constitution (clause 10.2).

Finance

52. Growers can fund their investment in the Project themselves or borrow from an independent lender.

53. This Ruling does not apply if a Grower enters into a finance agreement that 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 purposes of section 82KL, or the funding arrangements transform the Project into a 'scheme' to which Part IVA may apply;
- terms or conditions are non-arm's length;
- repayments of the principal and payments of interest are linked to the derivation of income from the Projects;

- 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

54. This Ruling applies only to Growers who are accepted to participate in the Project:

- on or before 15 June 2003;
- during the period 16 June to 27 June 2003, provided the Responsible Entity can wholly provide the services in consideration of the monies payable on application by 30 June 2003; and
- who have executed a Management Agreement and a Lease Agreement.

The Grower's participation in the Project must constitute the carrying on of a business of primary production.

55. 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. This Ruling does not apply to Growers who elect to harvest and market their own olives from their Grove(s).

The Simplified Tax System ('STS')

Division 328

56. For a Grower participating in the Project, the recognition of income and the timing of tax deductions, including those related to capital allowances, 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

57. 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***

58. That part of the gross sales 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.

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

Trading Stock***Section 70-35***

60. A Grower who is not an 'STS taxpayer' may, in some years, hold Olives that will constitute trading stock on hand. Where, in an income year, the value of trading stock on hand at the *end* of an income year exceeds the value of trading stock on hand at the *start* of an income year a Grower must include the amount of that excess in assessable income.

61. Alternatively, where the value of trading stock on hand at the start of an income year exceeds the value of trading stock on hand at the end of an income year, a Grower may claim the amount of that excess as an allowable deduction.

Deductions for Management fees and Rent***Section 8-1***

62. A Grower who is not an 'STS taxpayer' may claim tax deductions for the following revenue expenses:

Fee Type	ITAA 1997 Section	Year ended 30 June 2003	Year ended 30 June 2004	Year ended 30 June 2005
Initial Grove Services Fee	8-1	\$4,400 See Note (i) (below)		
Annual Grove Services Fee	8-1		\$2,640 See Notes (i) & (ii) (below)	\$2,365 See Notes (i) & (ii) (below)
Rent	8-1	\$453 See Note (i) (below)	\$453 (indexed) See Notes (i) & (ii) (below)	\$453 (indexed) See Notes (i) & (ii) (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 127.
- (ii) The Management fees and the Rent shown in the Management Agreement and the Lease Agreement are deductible in full in the year that they are incurred. However, if a Grower **chooses** to prepay fees for the doing of a thing (e.g. the provision of management services or the leasing of land) that will not be wholly done in the income year the fees are incurred, the prepayment rules of the ITAA 1936 may apply to apportion those fees. In such cases, the tax deduction for the prepaid fee must be determined using the formula shown in paragraph 102 unless the expenditure is 'excluded expenditure'. 'Excluded expenditure' is an 'exception' to the prepayment rules and is deductible in full in the year in which it is incurred. For the purpose of this Ruling 'excluded expenditure' refers to an amount of expenditure of less than \$1,000.

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

63. That part of the gross sales 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.

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

Trading stock***Section 328-285***

65. A Grower who is an ‘STS taxpayer’ may, in some years, hold Olives that will constitute trading stock on hand. Where, for such a Grower, for an income year, the difference between the value of all their trading stock at the start and a reasonable estimate of it at the end, is less than \$5,000, they do not have to account for that difference under the ordinary trading stock rules in Division 70 (subsection 328-285(1)).

66. Alternatively, a Grower who is an ‘STS taxpayer’ may instead choose to account for trading stock in an income year under the provisions of Division 70 (subsection 328-285(2)).

Deductions for Management fees and Rent***Section 8-1 and section 328-105***

67. A Grower who is an ‘STS taxpayer’ may claim tax deductions for the following revenue expenses:

Fee Type	ITAA 1997 Section	Year ended 30 June 2003	Year ended 30 June 2004	Year ended 30 June 2005
Initial Grove Services Fee	8-1	\$4,400 See Notes (iii) & (iv) (below)		
Annual Grove Services Fee	8-1		\$2,640 See Notes (iii), (iv) & (v)(below)	\$2,365 See Notes (iii), (iv) & (v) (below)

Fee Type	ITAA 1997 Section	Year ended 30 June 2003	Year ended 30 June 2004	Year ended 30 June 2005
Rent	8-1	\$453 See Notes (iii) & (iv) (below)	\$453 (indexed) See Notes (iii), (iv) & (v) (below)	\$453 (indexed) See Notes (iii), (iv) & (v) (below)

Notes:

- (iii) 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 .
- (iv) If, for any reason, an amount shown in the Table above is not fully paid in the year in which it is incurred by a Grower who is an 'STS taxpayer' then the amount 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 shown in the Table above which is not paid in the year in which it is incurred will be deductible in the year in which it is actually paid.
- (v) Where a Member who is an 'STS taxpayer', pays the Management fees and the Rent in the relevant income years shown in the Lease and Management Agreement, those fees are deductible in full in the year that they are paid. However, if a Grower chooses to prepay fees for the doing of a thing (e.g. the provision of management services or the leasing of land) that will not be wholly done in the income year the fees are incurred, the prepayment rules of the ITAA may apply to apportion those fees. In such cases, the tax deduction for the prepaid fee must be determined using the formula shown in paragraph 102, unless the expenditure is 'excluded expenditure'. 'Excluded expenditure' is an 'exception' to the prepayment rules, and is deductible in full in the year in which it is incurred. For the purpose of this Ruling 'excluded expenditure' refers to an amount of expenditure of less than \$1,000.

Tax outcomes that apply to all Growers***Interest***

68. 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. However all Growers who borrow funds in order to participate in the Project, should read the discussion of the prepayment rules in paragraphs 96 to 102, 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 Growers choice.

Division 35 – Deferral of losses from non-commercial business activities***Section 35-55 – Commissioner's discretion***

69. For a Grower who is an individual and who enters the Project during the year ended 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 for the income years ending 30 June 2003 to 30 June 2005 that the rule in section 35-10 does not apply to this activity provided that the Project is carried out in the manner described in this Ruling.

70. 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 114 in the Explanation part of this ruling);
- a Grower's business activity satisfies one of the objective tests in sections 35-30, 35-35, 35-40 or 35-45; or
- the 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)).

71. 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 the Grower's business activity in excess of any assessable income from that activity, that is, 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.

72. 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

73. For a Grower who participates in the Project and incurs expenditure as required by the Management Agreement and the Lease 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 96 to 110);
- 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.

Explanation

Is the Grower carrying on a business?

74. For the amounts set out in the Tables above to constitute allowable deductions the Grower's horticulture activities as a participant in the Frankland River Olives Stage 5 must amount to the carrying on of a business of primary production. These horticulture activities will fall within the definitions of 'horticulture' and 'commercial horticulture' in section 40-535 of the ITAA 1997.

75. For schemes such as Frankland River Olives Stage 5, 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; (1984) 16 ATR 55.

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

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

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

78. 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 olive 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 horticultural activities and for no other purpose. The Grower acknowledges that the Responsible Entity has agreed to perform the Growers obligations, except for the payment of rent, contained in the Lease Agreement (clause 11).

79. Under the Management Agreement the Responsible Entity is engaged by the Grower to establish and maintain a Grove on the Grower's identifiable area of land during the term of the Project. In establishing the Grove, the Grower engages the Responsible Entity to cultivate and care for the olive trees consistent with good horticultural practice. The Responsible Entity is also engaged to harvest and sell, on the Grower's behalf, the Olives grown on the Grower's Grove.

80. Under the Operations Agreement, the Responsible Entity appoints the Manager to meet its obligations under the Management Agreement. The Manager has provided evidence that it holds the appropriate professional skills and credentials to provide the management services to establish and maintain each Grove on the Responsible entity's behalf. The Manager's services are required by the Operations Agreement to be consistent with general horticulture practices.

81. 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.

82. 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 its olives and/or olive produce that will return a before-tax profit, that is, a profit in cash terms that does not depend in its calculation on the fees in question being allowed as a deduction.

83. The pooling of olives grown on the Grower's Grove with the olives of other Growers is consistent with general horticulture practices. Each Grower's proportionate share of the sale proceeds of the pooled olives will reflect the proportion of the olives contributed from their Grove.

84. The assets installed by the Lessor are of the type ordinarily used in carrying on a business of horticulture. While the size of a Grove is relatively small, it is of a size and scale to allow it to be commercially viable (see Taxation Ruling IT 360).

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

86. The horticulture 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 Growers' horticultural activities in the Frankland River Olives Stage 5 will constitute the carrying on of a business.

The Simplified Tax System

Division 328

87. 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.

88. 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'.

Deductibility of management fees and lease fees***Section 8-1***

89. Consideration of whether the initial management fees and lease fees are 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.

90. The management fees and rent associated with the horticulture activities will relate to the gaining of income from the Grower's business of horticulture (see above), and hence have a sufficient connection to the operations by which income (from the regular sale of olives) is to be gained from this business. They 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 management fee. The tests of deductibility under the first limb of section 8-1 are met. The exclusions do not apply.

Possible application of prepayment provisions

91. Under the Management Agreement and the Lease Agreement neither the management fees nor the rent are for things to be done beyond 30 June in the year in which the relevant amounts are incurred. In these circumstances, the prepayment provisions in sections 82KZME and 82KZMF have no application to these fees.

92. However, where a Grower **chooses** to prepay these fees for a period beyond the income year in which the expenditure is incurred, the prepayment provisions (see paragraphs 96 to 102) will apply to determine the amount and timing of the deductions regardless of whether the Grower is an 'STS taxpayer' or not. These provisions

apply to 'STS taxpayers' because there is no specific exclusion contained in section 82KZME that excludes 'STS taxpayers' from the operation of section 82KZMF. This is subject to the 'excluded expenditure' exception. For the purpose of this Ruling 'excluded expenditure' refers to an amount of expenditure of less than \$1,000.

Timing of deductions

93. In the absence of any application of the prepayment provisions, the timing of deductions for the management fees or the lease fees will depend upon whether a Grower is an 'STS taxpayer' or is not an 'STS taxpayer'.

94. If the Grower is not an 'STS taxpayer', the management fees and the lease fees are deductible in the year in which they are incurred.

95. If the Grower is an 'STS taxpayer' the management fees and the lease fees are deductible in the income year in which they are paid, or are paid for the Grower (paragraph 328-105(1)(b)). If any amount 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.

Prepayment provisions

Sections 82KZL to 82KZMF

96. 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.

97. For this Project only section 82KZL (an interpretative provision) and sections 82KZME and 82KZMF are relevant. Where 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). These provisions also apply to 'STS taxpayers' because there is no specific exclusion contained in section 82KZME that excludes 'STS taxpayers' from the operation of section 82KZMF.

Sections 82KZME and 82KZMF

98. Where the requirements of subsections 82KZME(2) and (3) are met, the formula in subsection 82KZMF(1) (see below) 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)).

99. 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;
- 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.

100. 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 in this Project who, in order to participate in the Project may borrow funds from a financier. 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.

101. 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.

102. 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.

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

103. 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.

Application of the prepayment provisions to this Project

104. In this Project, an initial management fee of \$4,400 and rent of \$453 per Grove will be incurred on execution of the Management Agreement and the Lease Agreement. The Management Fee and the rent are charged for providing management services or leasing land to a Grower by 30 June of the year of execution of the Agreements. Under the Management Agreements, further annual expenditure is required each year during the term of the Project for the provision of management services and land until 30 June in those years.

105. In particular, the management fee is expressly stated to be for a number of specified services. No explicit conclusion can be drawn from the description of the arrangement that the initial management fee has been inflated to result in reduced fees being payable for management fees in subsequent years.

106. There is also no evidence that might suggest the management services covered by the fee could not be provided within the relevant expenditure year. Thus, for the purposes of this Ruling, it can be accepted that no part of the initial management fee, and the fees for subsequent years, is for the Project Manager doing 'things' that are not to be wholly done within the expenditure year. Under the Lease Agreement rent is payable for the lease of the land for the financial year as an annual amount in advance on 1 December of the relevant financial year.

107. On this basis, provided a Grower incurs expenditure as required under the Project agreements, as set out in paragraphs 45 to 50, then the basic precondition in subsection 82KZME(2) is not satisfied and, in these circumstances, section 82KZMF will have no application.

Growers who choose to pay fees for a period in excess of that required by the Project's agreements

108. Although not required under either the Management Agreement or the Lease Agreement a Grower participating in the Project may **choose** to prepay fees for a period beyond the 'expenditure year'. Similarly, Growers who use financiers may either choose, or be required to prepay interest. Where this occurs, contrary to the conclusion reached in paragraph 106 above, section 82KZMF will apply to apportion the expenditure and allow a deduction over the period in which the prepaid benefits are provided.

109. For these Growers, the amount and timing of deductions for any relevant prepaid management fees or prepaid rent will depend upon when the respective amounts are incurred and what the 'eligible service period' is in relation to these amounts.

110. However, as noted above, prepaid rent of less than \$1,000 incurred in an expenditure year will be 'excluded expenditure' and will be not subject to apportionment under section 82KZMF.

Deferral of losses from non-commercial business activities

Division 35

111. 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.

112. 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.

113. 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.

114. 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.

115. 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, or an interest in real property, (excluding any private dwelling) 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).

116. 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 Grove in the Project is unlikely to have their activity pass one of the tests until the income year ended 30 June 2008. 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.

117. 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.

118. 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 by the Commissioner where the business activity has started to be carried on and for that, or those income years:

- because of its nature, the business activity has not satisfied, or will not satisfy one of the tests set out in Division 35; and
- 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.

119. Information provided with this Product Ruling indicates that a Grower who acquires the minimum investment of one Grove in the Project is expected to be carrying on a business activity that will either pass one of the tests, or produce a taxation profit, for the years ended 30 June 2006, 30 June 2007 and 30 June 2008.

120. The Commissioner will decide for such a Grower that it would be reasonable to exercise the second arm of the discretion until the year ended 30 June 2005. Subsection 35-55(2) prevents the Commissioner exercising the discretion beyond this year.

121. 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 69), in the manner described in the Arrangement (see paragraphs 14 to 53). 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.

122. 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 report of the independent horticulturist provided with the application by the Responsible Entity; and
- independent, objective and generally available information relating to the horticulture industry which substantially supports cash flow projections and other claims, including prices and costs, in the Product Ruling application submitted by the Responsible Entity.

Section 82KL – recouped expenditure

123. 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 tax avoidance provisions

124. 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).

125. The Frankland River Olives Stage 5 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 62 and 67, it is not possible to conclude the scheme will be entered into or carried out with the dominant purpose of obtaining this tax benefit.

126. 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 their olives and/or olive 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**Entitlement to GST input tax credits**

127. 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)	<u>\$2,200*</u>
Total due and payable by 1 January 2002 (includes GST of \$600)	<u>\$6,600</u>

*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:

$$1/11 \times \$4,400 = \$400.$$

Hence her outgoing for the management fee is effectively \$4,400 *less* \$400, or \$4,000.

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

$$1/11 \times \$2,200 = \$200.$$

Hence her outgoing for the power upgrade is effectively \$2,200 *less* \$200, or \$2,000.

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 \$4,000 (not \$4,400).

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 \$2,000 only, not one tenth of \$2,200).

Detailed contents list

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Related Rulings/Determinations:

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

Subject references:

- carrying on a business
- commencement of business
- primary production
- primary production expenses
- management fee expenses
- producing assessable income
- product rulings
- public rulings
- schemes and shams
- taxation administration
- tax avoidance
- tax benefits under tax avoidance schemes
- tax shelters

Legislative references:

- 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)
- ITAA 1997 35-55(1)(b)
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- ITAA 1997 40-535

- ITAA 1997 Div 70
- ITAA 1997 70-35
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- ITAA 1997 Subdiv 328-F
- ITAA 1997 Subdiv 328-G
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- ITAA 1936 Pt IVA
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- ITAA 1936 177D
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- FCT v. Lau 84 ATC 4929; (1984) 16 ATR 55

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