


# ***PR 2004/114A2 - Addendum - Income tax: Great Southern Plantations 2005 Project - (Pre 30 June Growers)***

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## Addendum

### Product Ruling

#### Income tax: Great Southern Plantations 2005 Project – (Pre 30 June Growers)

This Addendum amends Product Ruling PR 2004/114 to include the planting of the *Acacia mangium* species of trees on the Tiwi Islands in the Northern Territory and to reflect changes to the simplified tax system legislation from the 2005-06 income year onwards.

#### **PR 2004/114 is amended as follows:**

##### **1. Paragraph 14**

Insert the following dot points:

- Additional correspondence, received 15 June 2005 and 17 June 2005;
- Amended Draft Constitution for the Project received 15 June 2005;
- Amended Draft Compliance Plan for the Project received 15 June 2005;
- Amended Draft Lease received 15 June 2005; and
- Amended Draft Land and Management Agreement received 15 June 2005.

##### **2. Paragraph 17**

Omit the following boxes in the table and replace with:

Location	Western Australia, Victoria, South Australia, Queensland, the Northern Territory or such other areas of Australia deemed suitable for the commercial growing of Hardwoods.
Size of each Woodlot	0.5 hectares on the Tiwi Islands in the Northern Territory and 0.33 hectares in all other areas.
Initial cost per hectare	\$5,940 or \$ 6,600 on the Tiwi Islands in the Northern Territory and \$9,000 or \$10,000 in all other areas.

### 3. Paragraph 18

Omit the first sentence in paragraph 18 and replace with:

Under this PDS, GSMAL proposes to offer 15,000 interests called 'Woodlots' of 0.5 hectares on the Tiwi Islands in the Northern Territory and 0.33 hectares in all other areas.

### 4. Paragraph 38

Omit the paragraph and replace with:

38. GSMAL will be responsible for planting Hardwood seedlings on the Woodlots. The species to be planted will generally be *Eucalyptus globulus* for Woodlots located in Western Australia, South Australia and Victoria, *Eucalyptus grandis* and *Eucalyptus dunnii* for Woodlots located in Queensland and *Acacia mangium* for Woodlots located on the Tiwi Islands in the Northern Territory.

### 5. Paragraph 38A

Omit the second sentence in the paragraph and replace with:

Therefore these species will have similar characteristics in regard to growth, colour and fibre pulp yield per Woodlot to the eucalyptus species referred to above and will be preferred species for pulp and paper manufacture.

### 6. Paragraph 42

Omit the paragraph and replace with:

42. Harvesting is to take place within 12 months of the forest produce reaching harvest maturity (as reasonably determined by the Responsible Entity and, in any event, not later than 11 years from the Commencement Date) unless GSMAL believes that it would be in the best interest of the Growers for harvesting to be deferred and the Growers resolve to do so by ordinary resolution (clause 7 of the LMA).

### 7. Paragraph 50

Omit the paragraph and replace with:

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

**8. Paragraph 56**

Omit the paragraph and replace with:

56. Other than Growers referred to in paragraph 56A, for the 2005-06 income year and later years, a Grower will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is derived.

**9. After Paragraph 56**

Insert:

56A. For the 2005-06 income year and later years, a Grower who is an 'STS taxpayer' using the cash accounting method will be assessable on ordinary income from carrying on their business of afforestation in the income year in which that income is received.

**10. Paragraph 57**

Omit the opening paragraph and row of the table titled Interest and replace with:

57. A Pre 30 June Grower who is an 'STS taxpayer' may claim tax deductions for the revenue expenses in the following Table on a per Woodlot basis. However, if for any reason, an amount shown in the Table below is not fully paid in the year in which it is incurred by a Grower who is an 'STS taxpayer' (for the 2005 income year) or an 'STS taxpayer' using the cash accounting method (for the 2006 and 2007 income years), 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 below which is not paid in the year in which it is incurred will be deductible in the year in which it is actually paid.

<b>Fee Type</b>	<b>ITAA 1997 Section</b>	<b>Year Ending 30 June 2005</b>	<b>Year Ending 30 June 2006</b>	<b>Year Ending 30 June 2007</b>
<b>Interest</b>	8-1 & 328-105	When paid See Note (vi)	When incurred <b>(STS taxpayers using accruals accounting)</b> OR When paid <b>(STS taxpayers using cash accounting)</b> See Note (vi)	When incurred <b>(STS taxpayers using accruals accounting)</b> OR When paid <b>(STS taxpayers using cash accounting)</b> See Note (vi)

# PR 2004/114

This Addendum applies on and from 29 June 2005.

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## **Commissioner of Taxation**

29 June 2005

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### ATO references

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