

# ***PR 2004/19A - Addendum - Income tax: Queensland Paulownia Forests Project No. 8***

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# Addendum

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## Product Ruling

### Income tax: Queensland Paulownia Forests Project No. 8

This Addendum amends Product Ruling PR 2004/19 to reflect changes to simplified tax system legislation from 1 July 2005.

#### **PR 2004/19 is amended as follows:**

##### **1. Paragraph 38**

Omit the paragraph and substitute:

38. 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.

##### **2. Paragraph 43**

Omit the paragraph and substitute:

43. A Grower will recognise ordinary income from carrying on the business of afforestation at the time that income is derived when they are:

- not an 'STS taxpayer'; or
- an 'STS taxpayer' using the accruals accounting method for the 2005-06 and later income years.

##### **3. Paragraph 44**

Omit the paragraph and substitute:

44. 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.

**PR 2004/19****4. Paragraph 46**

(a) Omit the table and substitute:

Fee Type	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2006
<b>Establishment services fee</b>	\$5390.00 See Notes (i) & (ii)		
<b>Licence fee</b>	See Notes (i) & (iii)		
<b>Interest incurred or paid to UPF</b>	As incurred <b>(Non-STS taxpayers)</b> Or as paid <b>(STS taxpayers)</b> See Note (iv)	As incurred <b>(Non-STS taxpayers)</b> Or as paid <b>(STS taxpayers)</b> See Note (iv)	As incurred <b>(Non-STS taxpayers and STS taxpayers using accruals accounting)</b> Or as paid <b>(STS taxpayers)</b> See Note (iv)

(b) Omit Note (ii) and substitute:

- (ii) The Establishment service fee is expenditure for 'seasonally dependent agronomic activities' (see paragraphs 79 to 83) and is deductible in the income year in which it is incurred (where the Grower **is not** an 'STS taxpayer' using the cash accounting method) or the year in which it is paid (where the Grower **is** an 'STS taxpayer' using the cash accounting method).

(c) Omit the third sentence in Note (iii) and substitute:

'Excluded expenditure' is an 'exception' to the prepayment rules and is deductible in full in the year in which it is incurred (where the Grower **is not** an 'STS taxpayer' using the cash accounting method) or the year in which it is paid (where the Grower **is** an 'STS taxpayer' using the cash accounting method).

This Addendum applies on and from 1 July 2005.

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**Commissioner of Taxation**

25 January 2006

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ATO references

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