


PR 2004/32A - Addendum - Income tax: Macquarie Forestry Investment 2004

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Addendum

Product Ruling

Income tax: Macquarie Forestry Investment 2004

This Addendum amends Product Ruling PR 2004/32 to reflect changes to the simplified tax system legislation from 1 July 2005.

PR 2004/32 is amended as follows:

1. Paragraph 69

Omit the paragraph and substitute:

69. 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 72

Omit the paragraph and substitute:

72. 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 73

Omit the paragraph and substitute:

73. 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 2004/32**4. Paragraph 78**

Omit the table and substitute:

Fee Type	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2006
Plantation Establishment Fee	\$2,563 See Notes (i) & (ii)		
Interest	As incurred (Non-STS taxpayers) Or as paid (STS taxpayers) See Note (iii)	As incurred (Non-STS taxpayers and STS taxpayers using accruals accounting) Or as paid (STS taxpayers using cash accounting) See Note (iii)	As incurred (Non-STS taxpayers and STS taxpayers using accruals accounting) Or as paid (STS taxpayers using cash accounting) See Note (iii)
Borrowing costs for loans with MBL	Must be calculated – see Note (iv)	Must be calculated – see Note (iv)	Must be calculated – see Note (iv)

5. Paragraph 78

Omit Note (ii) and substitute:

- (ii) The Plantation Establishment Fee is expenditure for 'seasonally dependent agronomic activities' (see paragraphs 113 to 119) and is deductible as outlined in the table above.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

1 February 2006

ATO references

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