

PR 2004/66A2 - Addendum - Income tax: Australasian Firewood Project No. 1

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Addendum

Product Ruling

Income tax: Australasian Firewood Project No. 1

This Addendum amends Product Ruling PR 2004/66 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2004/66 is amended as follows:

1. Paragraph 50

Omit the paragraph and substitute:

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.

2. Paragraph 53

Omit the paragraph and substitute:

53. 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 54

Omit the paragraph and substitute:

54. 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 2004/66**4. Paragraph 56**

Omit the table and substitute:

Fee Type	Year ended 30 June 2004	Year ended 30 June 2005	Year ended 30 June 2006
Plantation Fee	\$3,410 See Notes (i) & (ii)		
Initial Management Fees	Must be calculated See Notes (i) & (iii)		
Woodlot Occupation Fees	\$137.50 See Notes (i) & (iii)	Must be calculated See Notes (i) & (iv)	Must be calculated See Notes (i) & (v)
Ongoing Management Fees		Must be calculated See Notes (i) & (iv)	Must be calculated See Notes (i) & (v)
Interest	As incurred (Non-STC taxpayers) Or as paid (STC taxpayers) See Note (vi)	As incurred (Non-STC taxpayers and STC taxpayers using accruals accounting) Or as paid (STC taxpayers using cash accounting) See Note (vi)	As incurred (Non-STC taxpayers and STC taxpayers using accruals accounting) Or as paid (STC taxpayers using cash accounting) See Note (vi)
Borrowing costs for loan from Ausforest Finance Pty Ltd	Must be calculated See Note (i)	Must be calculated See Note (i)	Must be calculated See Note (vii)

5. Paragraph 56

Omit Note (ii) and substitute:

- (ii) The Plantation Fee is expenditure for 'seasonally dependent agronomic activities' (see paragraphs 86 to 90) and is deductible as outlined in the table above.

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

5 October 2005

ATO references

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