


PR 2007/70W - Income tax: Great Southern 2008 High Value Timber Project

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 This document has changed over time. This is a consolidated version of the ruling which was published on *10 October 2010*



Notice of Withdrawal

Product Ruling

Income tax: Great Southern 2008 High Value Timber Project

Product Ruling PR 2007/70 is withdrawn with effect from today.

1. Product Ruling PR 2007/70 set out the Commissioner's opinion on the tax consequences for a defined class of entities participating in the forestry management scheme known as the Great Southern 2008 High Value Timber Project (the Project).
2. On 18 May 2009, the Great Southern Limited group of companies, including Great Southern Managers Australia Limited (GSMAL) were placed into receivership. A meeting of Growers was held on 3 June 2010 and Lowell Capital Limited (LCL) was appointed by the Growers to replace GSMAL as the Responsible Entity for this Project.
3. LCL has implemented some changes to the operation of the Project that will alter the tax outcomes and therefore constitute a material difference to the scheme described in PR 2007/70. Accordingly, PR 2007/70 has no binding effect on the Commissioner with respect to acts carried out under the Project after 3 June 2010. Product Ruling PR 2010/23 is issued today and rules on the tax consequences of the revised arrangement from 3 June 2010.
4. Although withdrawn, PR 2007/70 continues to apply to Growers who were accepted to participate in the Project under the class of entities (defined in paragraphs 6 and 7 of that Ruling). It may be relied upon regarding expenditure incurred under the Project before 3 June 2010 subject to there being no material difference other than that described in paragraph 3 of this Notice.

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5. Whilst PR 2010/23 rules on tax consequences for Growers continuing in the Project, some investors may cease their involvement. Such Growers may have interest expenses on loans taken out to fund their participation in the Project. Where a business activity has ceased, ongoing interest will continue to be deductible unless an event or circumstance occurs to break the connection between the loan and the business activity. Where a loan is refinanced, renegotiated or the purpose of the loan is otherwise altered, the connection to the income earning activity may be broken and the interest may no longer be deductible. For more information refer to paragraph 50 of Taxation Ruling TR 2004/4 which provides guidance on what needs to be considered to determine if the necessary connection still exists following the cessation of relevant income earning activities.

Commissioner of Taxation

10 November 2010

ATO references

NO: 1-2AEAC5Y

ISSN: 1441-1172

ATOLaw topic: Income Tax ~~ Product ~~ timber