



PR 2009/18 - Income tax: Great Southern 2009 High Value Timber Project - Preferred Financier

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 This document has changed over time. This is a consolidated version of the ruling which was published on *22 April 2009*



Product Ruling

Income tax: Great Southern 2009 High Value Timber Project – Preferred Financier

Contents	Para
LEGALLY BINDING SECTION:	
What this Ruling is about	1
Date of effect	12
Ruling	18
Scheme	48
NOT LEGALLY BINDING SECTION:	
Appendix 1:	
Explanation	86
Appendix 2:	
Detailed contents list	133

ⓘ This publication provides you with the following level of protection:

This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

No guarantee of commercial success

The Commissioner **does not** sanction or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends a financial (or other) adviser be consulted for such information.

This Product Ruling provides certainty for potential participants by confirming that the tax benefits set out in the **Ruling** part of this document are available, **provided that** the scheme is carried out in accordance with the information we have been given, and have described below in the **Scheme** part of this document. If the scheme is not carried out as described, participants lose the protection of this Product Ruling.

Terms of use of this Product Ruling

This Product Ruling has been given on the basis that the entity(s) who applied for the Product Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Product Ruling.

What this Ruling is about

1. This Product Ruling sets out the Commissioner's opinion on the way in which the relevant provisions identified in the Ruling section (below) apply to the defined class of entities, who take part in the scheme to which this Ruling relates. In this Product Ruling the scheme is referred to as the 'Great Southern 2009 High Value Timber Project', or simply as 'the Project'.

2. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997* (ITAA 1997) unless otherwise indicated. Where used in this Ruling, the word 'associate' has the meaning given in section 318 of the *Income Tax Assessment Act 1936* (ITAA 1936). In this Ruling capitalised terms are specifically defined in the Project agreements.

Class of entities

3. This part of the Product Ruling specifies which entities:

- are subject to the taxation obligations; and
- can rely on the taxation benefits;

set out in the Ruling section of this Product Ruling.

4. The members of the class of entities who are subject to those taxation obligations and who can rely on those taxation benefits are referred to in this Product Ruling as Growers.

5. Growers are those entities that:

- meet the definition of 'initial participant' in subsection 394-15(5); and
- are accepted to take part in the scheme specified below on or after the date this Product Ruling is made.

6. A Grower will have executed the relevant Project Agreements set out in paragraph 48 of this Ruling on or before 30 June 2009 and will hold a 'forestry interest' in the Project and will have entered into finance arrangements as per paragraphs 80 to 84 of this Ruling.

7. The class of entities who can rely on this Product Ruling does **not** include:

- Growers who are accepted into this Project before the date of this Ruling, or after 30 June 2009;
- Growers who participate in the scheme through offers made other than through the Product Disclosure Statement (PDS) or who do not use the Application Form attached to the PDS;

- Growers whose Application Fees are not paid in full to Great Southern Managers Australia Limited (GSMAL) by 30 June 2009, either by the Grower and/or on the Grower's behalf by the Preferred Financier or Great Southern Finance Pty Ltd; or
- Growers who enter into finance arrangements other than those specified in paragraphs 80 to 84 of this Ruling.

Superannuation Industry (Supervision) Act 1993

8. This Product Ruling does not address the provisions of the *Superannuation Industry (Supervision) Act 1993* (SISA 1993). The Commissioner gives no assurance that the product is an appropriate investment for a superannuation fund. The trustees of superannuation funds are advised that no consideration has been given in this Product ruling as to whether investment in this product may contravene the provisions of SISA 1993.

Qualifications

9. The class of entities defined in this Product Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 48 to 86 of this Ruling.

10. If the scheme actually carried out is materially different from the scheme that is described in this Product Ruling, then:

- this Product Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled; and
- this Product Ruling may be withdrawn or modified.

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Date of effect

12. This Product Ruling applies prospectively from 22 April 2009, the date this Product Ruling is made. It therefore applies only to the specified class of entities that enter into the scheme from 22 April 2009 until 30 June 2009, being the closing date for entry into the scheme. This Product Ruling provides advice on the availability of tax benefits to the specified class of entities for all income years up to the income year in which the scheme is terminated in accordance with the Constitution.

13. However the Product Ruling only applies to the extent that there is no change in the scheme or in the entity's involvement in the scheme.

Changes in the law

14. Although this Product Ruling deals with the laws enacted at the time it was issued, later amendments to the law may impact on this Product Ruling. Any such changes will take precedence over the application of this Product Ruling and, to the extent of those amendments this Product Ruling will be superseded.

15. Entities who are considering participating in the scheme are advised to confirm with their taxation adviser that changes in the law have not affected this Product Ruling since it was issued.

Note to promoters and advisers

16. Product Rulings were introduced for the purpose of providing certainty about tax consequences for entities in schemes such as this. In keeping with that intention the Commissioner suggests that promoters and advisers ensure that participants are fully informed of any legislative changes after the Product Ruling is issued.

Goods and Services Tax

17. All fees and expenditure referred to in this Product Ruling include the Goods and Services Tax (GST) where applicable. In order for an entity (referred to in this Ruling as a Grower) to be entitled to claim input tax credits for the GST included in any creditable acquisition that it makes, it must be registered or required to be registered for GST and hold a valid tax invoice.

Ruling

Structure of the Project

18. The Great Southern 2009 High Value Timber Project is a 'forestry managed investment scheme' as defined in subsection 394-15(1). Its purpose is the establishment and tending of Mahogany and Teak trees for felling in Australia. Product Rulings PR 2008/65 and PR 2008/72 also rule on this scheme. However, this Ruling is specifically for Growers who finance their participation in the Project through the Preferred Financier or, as of midnight 30 June 2009, have interim interest free finance (refer paragraph 84 of this Ruling) from Great Southern Finance Pty Ltd pending finalisation of finance with the Preferred Financier.

19. Subject to the stated qualifications, this part of the Product Ruling sets out in detail the taxation obligations and benefits for an 'initial participant'¹ in the defined class of entities (see paragraphs 4 to 7 of this Ruling) who are accepted to participate in the 'forestry managed investment scheme' described at paragraphs 48 to 85 of this Ruling on or after 22 April 2009 and on or before 30 June 2009.

20. An entity that takes part in the Project as a 'subsequent participant'² is not covered by this Product Ruling but may request a private ruling on their participation in the Project. A 'subsequent participant' is an entity that does not meet the definition of 'initial participant' in subsection 394-15(5).

Carrying on a business

21. Although not relevant for the purposes of Division 394, a Grower (as described in paragraphs 4 to 6) who will stay in the Project until it is completed will be considered to be carrying on a business of primary production. Such Growers who are individuals will be subject to the operation of Division 35 of the ITAA 1997 (see paragraphs 45 and 46 of this Ruling).

Concessions for 'small business entities'³

22. From the 2007-08 income year, a range of concessions previously available under the simplified tax system (STS), are available to an entity if it carries on a business and satisfies the \$2 million aggregated turnover test (a 'small business entity').

¹ See subsection 394-15(5).

² See section 394-30.

³ The meaning of 'small business entity' is explained in section 328-110.

23. A 'small business entity' can choose the concessions that best suit its needs. Eligibility for some small business concessions is also dependent on satisfying some additional conditions. Because of these choices and the eligibility conditions, the application of the small business concessions to Growers who qualify as a 'small business entity' is not able to be dealt with in this Ruling.

The '70% DFE rule' and the establishment of the trees

Section 394-10

24. The taxation obligations and benefits set out below have been determined using the information provided to the Commissioner by GSMAL (called the 'forestry manager' in Division 394). On the basis of that information the Commissioner has decided that on 30 June 2009 it will be reasonable to expect that the '70% DFE rule'⁴ will be satisfied. The Commissioner may undertake review activities during the term of the Project to verify the information relied on for the purposes of the '70% DFE rule'.

25. The Ruling will only apply if GSMAL establishes all of the trees that were intended to be established under the Project within 18 months of the end of the income year in which the first 'participant' in the Project is accepted.⁵ For this Project the trees must be established before 31 December 2010.

26. In the context of this Project the trees will be established when they are planted on the land acquired for the purposes of the Project at the approximate rates of 1,000 to 1,500 trees per hectare for Mahogany (page 50 of the PDS) and 800 to 1,250 trees per hectare for Teak (page 55 of the PDS). GSMAL is required by section 394-10 of Schedule 1 of the *Taxation Administration Act 1953* (TAA) to notify the Commissioner if the trees are not established by 31 December 2010.

Allowable deductions

Sections 8-5, 394-10, 394-20 and Division 27

27. A Grower in the Project can claim deductions for the amounts shown in the Table below that are paid to GSMAL (sections 8-5 and 394-10).

28. The deductibility of these amounts remains subject to a requirement that a CGT event⁶ does not happen in relation to the Grower's 'forestry interest' before 1 July 2013 (see paragraphs 31 to 34 of this Ruling).

⁴ The '70% DFE rule' is set out in section 394-35.

⁵ See subsection 394-10(4).

⁶ Defined in section 995-1.

29. The amount is deductible in the income year in which it is paid, or is paid on behalf of the Grower (subsection 394-10(2) and section 394-20). Where a Grower does not fully pay an amount, or it is not fully paid on their behalf in an income year, it is deductible only to the extent to which it has been paid. Any unpaid amount is then deductible in the year or years in which it is actually paid.

30. If the Grower is registered or required to be registered for GST, amounts of outgoing would need to be adjusted as relevant for GST (for example, input tax credits): Division 27.

31. Amounts that are allowable deductions under Division 394 cannot also be claimed as deductions under section 8-1 (section 8-10).

Fee	Amount	Income year deductible
Establishment Services fee	\$13,750	2008-09
Ongoing Services fee	13.75% of the net proceeds of sale	Any year in which this amount is paid See Note (i)
Rent	2.75% of the net proceeds of sale	Any year in which this amount is paid See Note (i)

Notes:

- (i) Growers will be notified by GSMAL of the years in which these amounts are paid.

'CGT event' within 4 years for Growers who are 'initial participants'

Subsections 394-10(5) and (6)

32. A deduction for the Establishment Services fee is not allowable where a 'CGT event' happens in relation to the 'forestry interest' of a Grower before 1 July 2013 (subsection 394-10(5)).

33. Where deductions for these amounts have already been claimed by a Grower the Commissioner may amend their assessment at any time within two years of the 'CGT event' happening (subsection 394-10(6)). The Commissioner's power to amend in these circumstances applies despite section 170 of the ITAA 1936.

34. Growers whose deductions are disallowed because of subsection 394-10(5) are still required to include in assessable income the market value of the 'forestry interest' at the time of the 'CGT event' or the decrease in the market value of the 'forestry interest' as a result of the 'CGT event'.

Insurance premiums, interest on loans to finance the 'forestry interest' of a Grower, and the Monthly Loan Service Fee

Section 8-1

35. Insurance premiums incurred by a Grower to insure their trees will be deductible under section 8-1. The deduction is allowable in the year in which the insurance premium is incurred. GSMAL will advise the Grower each year of the amount of the insurance.

36. A Grower in the Project can claim deductions for interest incurred on loans with the Preferred Financier to fund their investment in the Project. Similarly, the Monthly Loan Service Fee incurred on the Preferred Financier loans will be deductible under section 8-1.

37. This Ruling only applies to loans between a Grower and the Preferred Financier or interim interest free finance with Great Southern Finance Pty Ltd as described in this Ruling. Growers who borrow solely from Great Southern Finance Pty Ltd should refer to PR 2008/65. Growers who borrow from ABL Nominees Pty Ltd should refer to PR 2008/72. Growers who borrow on terms other than as described in these Product Rulings, or who borrow from other financiers, may apply for a private ruling on the deductibility of loan interest or may self assess the deductibility of the interest.

Borrowing costs

Section 25-25

38. The fee (comprised of a loan Establishment Fee, Trust Review Fee, Administration Fee, and the other Borrower's Costs (other than the Monthly Loan Service Fee)) set out at clause 7 of the Preferred Financier Loan Agreement that must be paid to the Preferred Financier is a borrowing expense and is deductible under section 25-25.

39. As the total fees will be more than \$100, the deduction is spread over the lesser of the period of the loan or 5 years on a straight line basis from the date the loan begins (subsection 25-25(4)).

40. The deductibility or otherwise of borrowing costs arising from loan agreements entered into with financiers other than the Preferred Financier is outside the scope of this Ruling.

Assessable income, 'CGT events' and the 'forestry interests' of Growers who are 'initial participants'**Sections 6-10, 17-5 and 394-25**

41. Where a 'CGT event' (other than a 'CGT event' in respect of a thinning⁷ – see paragraph 44 of this Ruling) happens to a 'forestry interest' held by a Grower in this Project the market value of the 'forestry interest', or the decrease in the market value of the 'forestry interest', is included in the assessable income of the Grower (sections 6-10 and 394-25), less any GST payable on those proceeds (section 17-5).

42. The relevant amount is included in the Grower's assessable income in the income year in which the 'CGT event' happens (subsection 394-25(2)).

43. 'CGT events' for these purposes include those relating to:

- a **clear-fell harvest of all or part of the trees** grown under the Project;
- the **sale, or any other disposal** of all or part of the 'forestry interest' held by the Grower; or
- any other 'CGT event' that results in a reduction of the market value of the 'forestry interest' held by the Grower.

Amounts received by Growers where the Project trees are thinned**Section 6-5**

44. An amount received by a Grower in respect of a thinning of the trees grown in this Project is not received as a result of a 'CGT event' and is not otherwise assessable under Division 394. The amount is a distribution of ordinary income that arises as an incident of a Grower holding a 'forestry interest' in the Project. Growers include amounts received for thinning the trees in their assessable income in the income year in which the amounts are derived (section 6-5) less any GST payable on those proceeds (section 17-5).

⁷ A thinning of the trees includes a selective harvest of immature trees to facilitate better outcomes at harvest. A thinning differs from a clear fell of a percentage of mature trees which may occur over two or more income years.

Division 35 – deferral of losses from non-commercial business activities

Section 35-55 – exercise of Commissioner’s discretion

45. Growers who will stay in the Project until its completion will be considered to be carrying on a business of primary production. Such Growers who are individuals and accepted into the Project in the year ended 30 June 2009 may make losses from the Project that may be affected by the loss deferral rule in section 35-10 in Division 35. Division 35 does not apply however, to Growers who do not carry on a business.

46. The discretion in paragraph 35-55(1)(b) will be exercised for such Growers to whom the loss deferral rule would otherwise apply, for the income years ended 30 June 2009 to 30 June 2029. Exercise of the discretion in this case however is also conditional on the Project being carried out in the manner described in paragraphs 48 to 132 of this Ruling, but will allow Growers referred to who make losses, to offset them against their other assessable income in the income years in which those losses arise.

Prepayment provisions and anti-avoidance provisions

Sections 82KZM, 82KZME, 82KZMF, 82KL and Part IVA

47. Where a Grower is accepted to participate in the Project set out at paragraphs 48 to 85 of this Ruling, the following provisions of the ITAA 1936 have application as indicated:

- interest paid by a Grower to the Preferred Financier does not fall within the scope of sections 82KZM, 82KZME and 82KZMF;
- section 82KL does not apply to deny the deductions otherwise allowable; and
- the relevant provisions in Part IVA will not be applied to cancel a tax benefit obtained under a tax law dealt with in this Ruling.

Scheme

48. The scheme that is the subject of this Ruling is specified below. This scheme incorporates the following:

- The Application for a Product Ruling provided 11 February 2009;
- the Application for Product Ruling PR 2008/65 as constituted by documents provided on 3 July 2008;

- the Application for Product Ruling PR 2008/72 as constituted by documents provided on 4 November 2008;
- additional correspondence received 8 July 2008, 25 July 2008, 29 July 2008, 30 July 2008, 14 August 2008, 18 August 2008, 19 August 2008, 8 September 2008, 26 September 2008, 11 March 2009 and 16 March 2009;
- meetings held on 3 July 2008, 22 July 2008, and 27 August 2008;
- Great Southern High Value Timber Project Product Disclosure Statement received on 18 August 2008, including **Application Form**;
- **Constitution** for the Great Southern 2009 High Value Timber Project received 29 July 2008, incorporating the **Land and Management Agreement**, Land and Management Agreement Standard Terms, **Lease**, Lease Standard Terms, **Forest Right Agreement**, and Forest Right Agreement Standard Terms;
- Compliance Plan for Great Southern 2009 High Value Timber Scheme received 29 July 2008;
- Draft Lease between Great Southern HVT Holdings Pty Ltd as lessor and Great Southern Managers Australia Ltd as lessee, received on 3 July 2008;
- **Right of First Refusal** agreement between Growers and Great Southern Limited received 29 July 2008;
- 2009 HVT Project Direct Forestry Expenditure Calculation received on 3 July 2008;
- Annexure A – Form of Loan Agreement received 11 February 2009;
- Great Southern Limited (Preferred Financier) MIS Financing – 2009 Series Term Sheet dated 8 August 2008 received 11 February 2009;
- Draft Origination Deed between the Preferred Financier and Great Southern Managers Australia Limited received 11 February 2009;
- Draft **Loan Application** form received 11 March 2009;and
- summary of '2009 Finance Terms' received 11 March 2009.

Note: certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

49. All Australian Securities and Investment Commission (ASIC) requirements are, or will be, complied with for the term of the agreements.

50. The documents highlighted are those that a Grower may enter into. For the purposes of describing the scheme to which this Ruling applies, there are no other agreements, whether formal or informal, and whether or not legally enforceable, which a Grower, or any associate of a Grower, will be a party to, which are a part of the scheme. The effect of these agreements is summarised as follows.

Overview

51. The main features of the Great Southern 2009 High Value Timber Project are as follows:

Species of trees to be planted under the scheme	<i>Khaya senegalensis</i> (Mahogany) and <i>Tectona grandis</i> (Teak)
Locations	The Woodlots may be located anywhere in northern Australia which satisfies GSMAL's land selection and evaluation process. The preferred locations are the Douglas Daly River region of the Northern Territory for the planting of Mahogany, and the Cairns-Ingham region of Queensland for the planting of Teak.
Term of the Project	Approximately 20 years and 6 months
Date all trees are due to be planted on scheme land	31 December 2010
Initial number of trees per hectare (approximately)	Mahogany 1,000 to 1,500 stems Teak 800 to 1,250 stems
Thinning and approximate number of trees per hectare at final harvest	Mahogany - Non-commercial thinning when trees are approximately 2 years old, reducing the number to 700 per hectare. Commercial thinning will occur at age 8-10 years, leaving 300-400 trees per hectare for final harvest. Teak - Commercial thinning when trees are ages 8-10 years and 12-14 years, leaving 200-400 trees per hectare for final harvest.
Number of hectares offered for cultivation	2,000 hectares

Size of each 'forestry interest'	0.5 hectares (0.25 hectares of Mahogany and 0.25 hectares of Teak)
Minimum allocation of 'forestry interests' per Grower	1
Minimum subscription	No minimum subscription
Initial cost	\$13,750
Ongoing costs	Ongoing Management Fees of 13.75% of the Net Proceeds of Sale, plus A rent or lease fee of 2.75% of the Net Proceeds of Sale.
Other costs	Commencing the 2010-11 income year, Growers will be charged for the cost of all insurance except public liability insurance. Costs of thinning, pruning and sale, to be deducted from the gross proceeds of sale.

52. The Project will be a registered managed investment scheme under the *Corporations Act 2001*. Great Southern Managers Australia Limited has been issued with an Australian Financial Service Licence 240787 and will be the Responsible Entity for the Project.

53. The Project will involve commercially growing Mahogany and Teak trees for the purpose of harvesting the timber for sale. The timber is expected to be suitable for furniture and appearance grade timber.

54. An offer to participate in the Project will be made through a PDS. The offer under the PDS is for 2,000 hectares, which corresponds to 4,000 'forestry interests' in total across the projects described in this ruling and in Product Rulings PR 2008/65 and PR 2008/72. Oversubscriptions may be accepted. The 'forestry interests' within this particular Project are referred to as Woodlots. There is no minimum subscription for the Project, and each applicant must apply for at least one 0.5 hectare Woodlot.

55. Application is made by completing the Application Form in the PDS. Application moneys of \$13,750 per Woodlot must be paid in full by 30 June 2009. Applicants can obtain a principal and interest loan with the Preferred Financier, or may be granted interim interest free finance from Great Southern Finance Pty Ltd pending a principal and interest loan from the Preferred Financier. Where the full \$13,750 per Woodlot is not paid to GSMAL by 30 June 2009 by the Grower, Great Southern Finance Pty Ltd or the Preferred Financier on behalf of the Grower, the Grower will not be in the class of entities who can rely on this Product Ruling.

56. Applicants execute a Power of Attorney contained in the PDS. The Power of Attorney irrevocably appoints GSMAL to enter into, on behalf of the Grower, a Land and Management Agreement, a Lease, a Forest Right Agreement, a Sale Agreement, and a Right of First Refusal Deed.

57. For the purposes of this Ruling, an applicant who is accepted to participate in the Project and who execute the Land and Management Agreement on or before 30 June 2009 will have acquired a 'forestry interest' and becomes a Grower in the Great Southern 2009 High Value Timber Project.

58. Great Southern HVT Holdings Pty Ltd has acquired some land that may be used for the Project, and is seeking the remainder. Land utilised by the Project must meet the requirements set out by the Independent Forester at pages 47 to 61 of the PDS.

Constitution

59. The Constitution establishes the Project and operates as a deed binding all Growers and GSMAL. The Constitution sets out the terms and conditions under which GSMAL agrees to act as Responsible Entity and thereby manage the Project. Upon acceptance into the Project, Growers are bound by the Constitution by virtue of their participation in the Project.

60. In order to acquire an interest in the Project, an entity must make an application for 'forestry interests' in accordance with clause 4. Among other things, the application must be completed in a form approved by GSMAL, signed by or on behalf of the Applicant, lodged at the registered office of GSMAL and accompanied by payment of the Application Money in a form acceptable to GSMAL.

61. Under clause 5 of the Constitution, GSMAL holds the Application Money on bare trust, and all Application Moneys received from applicants will be deposited into a Project Account.

62. Once GSMAL has accepted the application and all the relevant Project Documents have been executed and remain in force (clause 6.5), the Application Money may be transferred and applied against the fees due to GSMAL (clause 8.1).

63. In summary, the Constitution also sets out provisions relating to:

- the functions, powers and duties of GSMAL (clause 13);
- complaints procedures (clause 14);
- transfer or transmission of Grower's interests (clauses 21 to 24);
- the liability of Growers (clause 25);
- procedures for retirement or removal of GSMAL (clause 26);

- remuneration of GSMAL (clause 27), and costs for which GSMAL shall be reimbursed (clauses 31.2 and 33.1); and
- termination of the project (clauses 36 and 37).

Compliance Plan

64. As required by the *Corporations Act 2001*, GSMAL has prepared a Compliance Plan, the purpose of which is to ensure that GSMAL manages the Project in accordance with its obligations and responsibilities contained in the Constitution and that the interests of Growers are protected.

Plantation lease

65. It is intended that Great Southern HVT Holdings Pty Ltd will acquire all necessary land for the Project, and GSMAL will lease the land from Great Southern HVT Holdings Pty Ltd.

66. Under the terms of a 21 year lease, GSMAL intends to sub-lease the land, which can only be used for the purpose of planting, tending and harvesting a high value timber plantation for commercial wood production. Trees planted on the leased land are the property of GSMAL for the term of the lease (clause 8(p)). Great Southern HVT Holdings Pty Ltd and GSMAL also acknowledge that the trees may belong to third parties to whom a sub-lease has been granted (clause 8(s)).

Sub-lease of land to Growers

67. By no later than 30 September 2010, each Grower will be granted a Lease Interest in their Woodlot(s). A Lease Interest will comprise a Lease, where the Woodlot is located in Western Australia or the Northern Territory, and/or a Forest Right Agreement where located in Queensland. A Lease Interest may therefore comprise a Lease of the Northern Territory component of their Woodlot, with 0.25 hectares of Mahogany, and a Forest Right Agreement in respect of the Queensland component, with 0.25 hectares of Teak.

68. Under these agreements, GSMAL will grant to the Grower the right to exclusively possess, occupy, use and enjoy their Woodlots, for the conduct of the Grower's business and to harvest and sell the Mahogany and Teak for a commercial profit.

69. The termination dates for the agreements are the earlier of the date on which harvesting and removal of timber produce from the Grower's Land Area is completed; and

- Lease – the date the Project is terminated pursuant to the Constitution or the date of payment of the final distribution of the Proceeds Fund. The Lease however will be in two terms, the first for 12 years from commencement, and the second term starting 12 years and one day from commencement. The second term is dependant on receiving a Northern Territory planning approval. It is expected that the second lease term will be 8 years.
- Forest Right – the date on which harvesting and removal of timber produce is completed *and* the date the Project is terminated pursuant to the Constitution or the date of payment of the final distribution of the Proceeds Fund. It is expected that the term will be 20 years.

Land and Management Agreement

70. Each Grower will enter into a Land and Management Agreement (LMA) with GSMAL, to be executed on or before 30 June 2009. Key elements of this agreement are:

- within 15 months of Commencement Date (i.e. by no later than 30 September 2010), GSMAL must grant the 'Land Interest' to Growers (which includes the execution of the Lease and Forest Right Agreement over the Growers Woodlot(s)), determine the land area and physical location of each Grower's Woodlots, and complete the schedules to the Lease Interests (clause 2);
- the Grower appoints GSMAL to perform and complete the Establishment Services on or before 31 December 2010 (clause 3);
- the Grower appoints GSMAL to perform the Ongoing Services (commencing no later than 1 January 2011 until termination of the Project (clause 3);
- the trees are to be harvested not later than 30 June 2029 (clause 7);
- GSMAL will be irrevocably appointed as the Grower's agent for the purpose of negotiating and making sales of Timber Produce (clause 9); and
- the Gross Proceeds of Sale must be paid into the Proceeds Fund, out of which will be paid the costs of Commercial Thinning, Non-commercial thinning, Pruning, and Sale (clause 11).

71. The Establishment Services to be provided by GSMAL include, amongst other things:

- to establish a Mahogany and Teak plantation according to good silvicultural and forestry practices;
- ripping and mounding;
- supply of plants;
- fertilising and spraying of the Woodlot; and
- planting of seedlings or trees on the Woodlot.

72. GSMAL will commence the provision of the Ongoing Services after the completion of the Establishment Services, and shall continue to provide the Ongoing Services until the termination of the Agreement.

73. The Ongoing Services include:

- managing and maintaining the plantation according to good silvicultural and forestry practices;
- cultivating, tending, culling, fertilising, replanting, spraying and otherwise caring for the trees;
- pruning and thinning;
- provide to Growers a report on the plantations 12 months after they have been established; and
- organising and arranging for trees to be clearfelled when they reach harvest maturity.

Distribution of the proceeds of sale

74. GSMAL will pay all proceeds from the sale of timber and any insurance proceeds into the Proceeds Fund. Clause 32 of the Constitution sets out the arrangements relating to distributions from the Proceeds Fund. GSMAL will distribute the Proceeds Fund among the Growers in accordance with each Grower's proportional interest in those proceeds.

Fees

75. Under the terms of the LMA, the Sub-lease, and the Forest Right Agreement, a Grower will make payments as described below on a per 'forestry interest' basis.

Fees payable under the LMA

76. The \$13,750 fee per Woodlot to be paid by each Grower on application, described as the Application Price in the PDS and as Remuneration in the LMA, is for the provision of the Establishment Services in the Application Period.

77. Following the income year in which the application is made, monies shall be paid to GSMAL for providing the Ongoing Services, calculated as 13.75% of the Net Proceeds of Sale.

Fees payable under the (sub) Lease and Forest Right Agreement

78. For the term of the Project, an amount, described as Rent in the Lease and a Fee in the Forest Right Agreement, must be paid calculated as 2.75% of Net Proceeds of Sale.

79. Commencing the year these agreements are executed, insurance premiums with respect to the Grower's Land Area must be paid annually.

Finance offered by the Preferred Financier

80. To finance all or part of the cost of their 'forestry interest' a Grower can enter into a finance arrangement with the Preferred Financier, which may include interim interest free finance (see paragraph 84 of this Ruling) with Great Southern Finance Pty Ltd, or alternatively borrow from another lender.

81. Only the finance arrangements with the Preferred Financier and Great Southern Finance Pty Ltd set out below are covered by this Product Ruling. A Grower cannot rely on this Product Ruling if they enter into a finance arrangement with the Preferred Financier or Great Southern Finance Pty Ltd that materially differs from that set out in the documentation provided with the application for this Product Ruling. A Grower who enters into a finance arrangement with another lender (or different to that set out in PR 2008/65 and PR 2008/72) may request a private ruling on the deductibility or otherwise of the interest incurred under finance arrangements not covered by this Product Ruling.

82. A Grower cannot rely on any part of this Ruling if \$13,750 per Woodlot is not paid in full on or before 30 June 2009 by the Grower or, on the Grower's behalf, by the Preferred Financier or Great Southern Finance Pty Ltd.

83. Subject to the Preferred Financier accepting the Grower's application, the Grower will be bound by the terms and conditions of the PDS and the Application for Term Finance. The conditions include:

- the minimum amount that can be borrowed is \$4,000 for variable interest loans and \$10,000 for fixed interest loans;
- the maximum amount that can be borrowed per Woodlot is \$13,750, plus the capitalised Establishment Fee, Trust Review Fee and Administration Fee;
- principal and interest loans are available with repayment terms of 3, 5, 7, 10, 12 and 15 years;

- for all but the 3 year loans, the loans offered have the option of a 3 year interest only period;
- Growers are required to make equal monthly (re)payments of principal and/or interest over the term of the loan, commencing on the first day of the month after the advance, or the second month after the advance if the date of the advance is within 2 days of the end of the month;
- Growers can elect a fixed or variable interest rate, with the variable rates published on the Preferred Financier website and the fixed rates advised by the lender on the date of advance;
- the borrower must pay fees which include:
 - an Establishment Fee equal to 0.25% of the amount borrowed, or \$250, whichever is greater;
 - an Administration Fee of 0.25% of the amount borrowed;
 - monthly Loan Service Fee of \$20 per month;
 - a Trust Review Fee of \$300, if applicable; and
 - other costs and expenses specified at clause 7.1(e)-(g) of the Preferred Financier Loan Agreement.
- additional default interest of 4.5% will be charged on overdue amounts;
- insurance or timber proceeds must be applied to any moneys payable but unpaid under the loan; and
- the Grower's Woodlot(s) will be held as security for the loan.

Interim interest free finance offered by Great Southern Finance Pty Ltd

84. Where a Grower applies for finance from the Preferred Financier on the terms described above, and the processing of this finance is not completed by the deadline of 11am on 30 June 2009, Great Southern Finance Pty Ltd may provide interim interest free finance until the loan is resubmitted or otherwise processed. The refinancing by the Preferred Financier must occur prior to 31 July 2009, and the terms of (re)finance are as described in paragraphs 80 to 83 of this Ruling.

85. This Ruling does not apply if the finance arrangement entered into by the Grower includes or has any of the following features:

- there are split loan features of a type referred to in Taxation Ruling TR 98/22;
- there are indemnity arrangements or other collateral agreements in relation to the loan designed to limit the borrower's risk;
- 'additional benefits' are or will be granted to the borrowers for the purpose of section 82KL of the ITAA 1936 or the funding arrangements transform the Project into a 'scheme' to which Part IVA of the ITAA 1936 may apply;
- the loan or rate of interest is non-arm's length;
- repayments of the principal and payments of interest are linked to the derivation of income from the Project;
- the funds borrowed, or any part of them, will not be available for the conduct of the Project but will be transferred (by any mechanism, directly or indirectly) back to the lender or any associate of the lender;
- lenders do not have the capacity under the loan agreement, or a genuine intention, to take legal action against defaulting borrowers; or
- entities associated with the Project, other than the Preferred Financier, are involved or become involved in the provision of finance to Growers for the Project.

Appendix 1 – Explanation

❶ *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

Structure of the Project

86. In return for payment of the Establishment Services Fee and the other fees and expenses required under the Project agreements during the term of the Project, Growers will hold a 'forestry interest' in a 'forestry managed investment scheme'. The Project qualifies as a 'forestry managed investment scheme' because its purpose is for 'establishing and tending trees for felling in Australia' (see subsection 394-15(1))

87. Under the Constitution of the Project and the other supporting agreements, the holding of a 'forestry interest' in the Project gives each Grower a right to a share in the proceeds of sale from thinning or harvest of the trees grown on the Project land. That share of proceeds is determined using the number of 'forestry interests' held by a Grower as a proportion of all 'forestry interests' held by 'participants'⁸ in the Project.

Is the Grower carrying on a business?

88. The general indicators used by the Courts in determining whether an entity is carrying on a business are set out in Taxation Ruling TR 97/11 Income tax: am I carrying on a business?

89. More recently, and in relation to a managed investment scheme, the Full Federal Court in *Hance v. FC of T*; *Hannebery v. FC of T* [2008] FCAFC 196; 2008 ATC 20-085 applied these principles to conclude that 'Growers' in that scheme were carrying on a business of producing almonds (at FCAFC 90; ATC 90).

90. Application of these principles to the arrangement set out above leads to the conclusion that Growers (as described in paragraphs 5 to 7 of this Ruling), who stay in the Project until its completion, will be carrying on a business of primary production involving afforestation activities.

⁸ The term 'participant' is defined in subsection 394-15(4).

Allowable deductions

Sections 8-5, 12-5, 394-10 and 394-20

91. Section 8-5 allows certain specific deductions to be claimed against the assessable income of a taxpayer. The list of specific deductions is shown in a table in section 12-5 and includes payments under a 'forestry managed investment scheme' that meet the requirements of subsection 394-10(1).

The '70% DFE rule'

Paragraph 394-10(1)(c) and section 394-35

92. The threshold test for Growers in the Project to be entitled to deductions under subsection 394-10(1) is the '70% DFE rule' in paragraph 394-10(1)(c). Under that rule it must be reasonable to expect that on 30 June 2009, the amount of 'direct forestry expenditure'⁹ under the scheme will be no less than 70% of the amount of payments under the scheme.¹⁰

93. The amount of all 'direct forestry expenditure' is the amount of the net present value of all 'direct forestry expenditure' that GSMAL, as 'forestry manager'¹¹ of the Project, has paid or will pay under the scheme (subsection 394-35(2)).

94. The 'amount of payments under the scheme' is the amount of the net present value of all amounts (i.e., the fees and expenses) that all current and future 'participants' in the scheme have paid or will pay under the scheme (subsection 394-35(3)).

95. Both of the above amounts are determined as at 30 June 2009 taking into account

- the timing requirements in subsections 394-35(4) and (5);
- any amounts that can reasonably be expected to be recouped (subsection 394-35(6));
- the discount rate in subsection 394-35(7); and
- the market value rule in subsection 394-35(8).

96. Applying all of these requirements to the information provided by GSMAL of the Project the Commissioner has determined that the Project will satisfy the '70% DFE rule' on 30 June 2009.

⁹ See section 394-45.

¹⁰ See subsection 394-35(1) and section 394-40.

¹¹ Defined in section 394-15(2).

The other elements for deductibility under subsection 394-10(1)

97. The requirement of paragraph 394-10(1)(d) that Growers in the Project not have day to day control over the operation of the Project is clear from the Project Agreements, as are the alternative elements of paragraph (e) relating to the number of Growers in the scheme and GSMAL's role in other managed investment schemes.

98. The final requirement for deductibility requires all the Project trees to be established within 18 months of 30 June 2009 (see paragraph 394-10(1)(f) and subsection 394-10(4)). The planting timeline provided with the application for this Ruling by GSMAL indicates that all the trees required to be established under the scheme will be planted on the Project land by 31 December 2010.

99. Accordingly, subject to the qualifications set out below, amounts paid by Growers to GSMAL in relation their 'forestry interests' satisfy all requirements of subsection 394-10(1). The amounts are allowable deductions in the income year in which they are paid (subsection 394-10(2)).

100. Where a Grower does not fully pay an amount, or the amount is not fully paid on their behalf in an income year (see section 394-20), it is deductible only to the extent to which it has been paid. The unpaid balance is then deductible in the year or years in which it is actually paid. This may occur, for example, if all or part of the amount is borrowed and the Preferred Financier fails to transfer the funds to the account of the 'forestry manager' on or before 30 June 2009.

101. Amounts that are allowable deductions under Division 394 cannot also be claimed as deductions under section 8-1 (section 8-10).

102. Where a Grower does not fully pay an amount, or the amount is not fully paid on their behalf in an income year (see section 394-20), it is deductible only to the extent to which it has been paid. The unpaid balance is then deductible in the year or years in which it is actually paid. This may occur, for example, if all or part of the amount is borrowed and the financier fails to transfer the funds to the account of the 'forestry manager' on or before 30 June in an income year.

Loss of deductions previously allowed under section 394-10(1)

103. Two situations may lead to the loss of deductions for Growers. The first of these situations will occur if GSMAL fails to establish the trees on the Project land within 18 months. Where this occurs, GSMAL is required to notify the Commissioner within 3 months of the end of the 18 month period (section 394-10 of Schedule 1 to the TAA).

104. The second situation where a Grower may have deductions disallowed is where a 'CGT event' happens to their 'forestry interest' within 4 years from 30 June of the income year they paid an amount under the scheme, for example, the Establishment Services fee (see subsection 394-10(5)).

105. For the purposes of this provision, the Commissioner is able to amend the assessment of a Grower within 2 years of the relevant 'CGT event' happening. The Commissioner's power to amend in these circumstances applies despite section 170 of the ITAA 1936 (subsection 394-10(6)).

106. Where a 'CGT event' happens to the 'forestry interest' of a Grower within 4 years, the market value of the forestry interest at the time of the 'CGT event' or the decrease in the market value of the 'forestry interest' as a result of the 'CGT event' is still included in the assessable income of the Grower by section 394-25. The amount must be included in assessable income even where an amendment has disallowed or may disallow the deductions previously allowed under section 394-10.

Interest on loans to finance the 'forestry interest' of a Grower

Section 8-1

107. Where a Grower borrows money to fund their investment in the Project, the deductibility of the interest incurred on the loan monies falls for consideration under the general deduction provisions of section 8-1. If the interest incurred by the Grower is deductible under the first positive limb in subsection 8-1(1) there is no requirement to consider whether it is also deductible under the second positive limb of that provision. Court decisions show that the same basic test applies to both limbs (see *Ronpibon Tin NL v. Federal Commissioner of Taxation* (1949) 78 CLR 47; (1949) 8 ATD 431, at CLR 56; ATD 435).

108. Under the first positive limb of subsection 8-1(1) the interest incurred by a Grower will be deductible if it is incurred in gaining or producing a Grower's assessable income and is not excluded by one of the negative limbs in subsection 8-1(2).

The question of whether an outgoing [is] ... incurred in gaining or producing the assessable income is a question of characterisation (*Fletcher & Ors v. Federal Commissioner of Taxation* (1991) 173 CLR 1; 91 ATC 4950; (1991) 22 ATR 613, at CLR 17; ATC 4957; ATR 621).

To the extent that ... outgoings of interest ... can properly be characterised as of a kind referred to in the first limb of [section 8-1] they must draw their character from the use of the borrowed funds (*Fletcher*, at CLR 19; ATC 4958; ATR 623).

[T]he characterisation of interest will generally be ascertained by reference to the objective circumstances of the use to which the borrowed funds are put (*Federal Commissioner of Taxation v. Roberts* (1992) 37 FCR 246; 92 ATC 4380; (1992) 23 ATR 494, at FCR 257; ATC 4388; ATR 504).

109. Growers in the Project use the borrowed funds to acquire a 'forestry interest' in a 'forestry managed investment scheme'. The holding of that 'forestry interest' will produce assessable income for a Grower in the form of the proceeds of a full or part disposal of the 'forestry interest' or, as a proportionate share of the thinning and harvest proceeds. The tests of deductibility of interest under the first limb of subsection 8-1(1) are, therefore, met unless one of the exclusions in subsection 8-1(2) apply.

110. For the purposes of this Project, only the capital exclusion in paragraph 8-1(2)(a) is relevant. The use of borrowed funds to purchase a capital asset, such as a 'forestry interest', does not mean that the interest outgoings are on capital account (see *Steele v. Federal Commissioner of Taxation* (1999) 197 CLR 459; 99 ATC 4242; (1999) 41 ATR 139, at CLR 470; ATC 4249; ATR 148).

Interest [is a] periodic payment for the use, but not the permanent acquisition of a capital item. Therefore, a consideration of the often-cited three matters identified by Dixon J in *Sun Newspapers Ltd v. FC of T* ... assigns interest ... to revenue (*Australian National Hotels Ltd v. Federal Commissioner of Taxation* (1988); 19 FCR 234; 88 ATC 4627; (1988) 19 ATR 1575, at FCR 241; ATC 4633-4634; ATR 1582).

111. Therefore, the capital exclusion in subsection 8-1(2) does not apply to the interest and, subject only to the potential application of the prepayment provisions, a deduction for the interest can be claimed in the year in which it is incurred (Note: The meaning of 'incurred' is explained in Taxation Ruling TR 97/7).

Prepayment provisions

Sections 82KZL to 82KZMF

112. The prepayment provisions contained in Subdivision H of Division 3 of Part III of the ITAA 1936 affect the timing of deductions for certain prepaid expenditure. These provisions apply to certain expenditure incurred under an agreement in return for the doing of a thing under the agreement that will not be wholly done within the same year of income as the year in which the expenditure is incurred. For schemes such as this Project, the main operative provisions are sections 82KZMD and section 82KZMF of the ITAA 1936.

113. However, subsection 394-10(7) specifically provides that sections 82KZMD and section 82KZMF of the ITAA 1936 do not affect the timing of amounts deductible under section 394-10.

114. Accordingly, under the scheme to which this Product Ruling applies, only deductions for interest payable under a loan with the Preferred Financier will potentially fall within the prepayment provisions. However, the conditions applying to the loans to which this Ruling applies (see paragraphs 80 to 83 of this Ruling) do not require any prepayment of interest over the term of the loan. Accordingly, the prepayment provisions have no application to Growers who enter into those loans.

115. If a Grower chooses to prepay interest on these loans that Grower may request a private ruling on how the prepayment provisions will affect the timing of their interest deduction.

Borrowing costs

Section 25-25

116. A deduction is allowable for expenditure incurred by a Grower in borrowing money to the extent that the borrowed money is used for the purpose of producing assessable income (subsection 25-25(1)).

117. In this Project the fee payable to the Preferred Financier is incurred to borrow money that is used or is to be used solely for income producing purposes during each income year over the term of the loan.

118. The deduction for borrowing expenses of more than \$100 are spread over the period of the loan or 5 years, whichever is the shorter (subsection 25-25(4)).

Assessable income, 'CGT events' and the 'forestry interests' of Growers who are 'initial participants'

Sections 6-10, 10-5 and 394-25

119. Section 6-10 includes in assessable income amounts that are not ordinary income. These amounts, called statutory income, are listed in the table in section 10-5 and include amounts that are included in the assessable income of 'initial participants' of a 'forestry managed investment scheme' by subsection 394-25(2).

Subsection 394-25(2)

120. Where a 'CGT event' (other than for a 'CGT event' in respect of a thinning)¹² happens to a 'forestry interest' held by a Grower in this Project, subsection 394-25(2) includes an amount in the assessable income of the Grower if:

- the Grower can deduct or has deducted an amount under section 394-10; or

¹² A thinning under this scheme is not a 'CGT event'.

- the Grower would have met the condition immediately above if subsection 394-10(5) had not applied to disallow the deduction(s). Paragraphs 32 to 34 and paragraphs 104 to 106 of this Ruling explain when deductions will be disallowed under subsection 394-10(5).

Market value rule applies to 'CGT events'

121. If, as a result of the 'CGT event' the Grower either:

- no longer holds the 'forestry interest'; or
- otherwise – where the Grower continues to hold the 'forestry interest', but there is a decrease in the market value of the 'forestry interest';

then the market value of the 'forestry interest' at the time of the event, or the reduction of the market value of the 'forestry interest' as a result of the event, is included in the assessable income of the Grower in the income year in which the 'CGT event' happens (subsection 394-25(2)). A market value rule applies rather than the amount of money actually received from the 'CGT event' (subsection 394-25(3)). However, the market value and the actual amount of money received may be the same.

122. The market value amount included in the assessable income of a Grower is the value of the 'forestry interest' just before the 'CGT event', or where the Grower continues to hold their interest after the event, the amount by which the market value of the 'forestry interest' is reduced as a result of the 'CGT event' (subsection 394-25(2)).

123. Section 394-25 will apply where the 'forestry interest' is sold, is extinguished, or ceases, and will include 'CGT events' such as a full or partial sale of the 'forestry interest' or from a full or partial clear-fell harvest of the trees grown under the Project.

Amounts received by Growers where the Project trees are thinned***Section 6-5***

124. Section 394-25 specifically excludes from the operation of Division 394 a 'CGT event' that happens in respect of a thinning (see paragraph 394-25(1)(c)).

125. Thinning amounts received by a Grower in this Project do not arise as a result of a 'CGT event' and are not otherwise assessable under Division 394. The receipt of an amount arising from a thinning of the Project trees is a distribution that arises as an incident of the Grower holding a 'forestry interest' in the Project. It is an item of ordinary income and is assessable under section 6-5 in the year in which it is derived.

Sections 35-10 and 35-55 – deferral of losses from non-commercial business activities and the Commissioner’s discretion

126. In deciding to exercise the discretion in paragraph 35-55(1)(b) on a conditional basis for 30 June 2009 up to and including 30 June 2029, the Commissioner has applied the principles set out in Taxation Ruling TR 2007/6 Income tax: non-commercial business losses: Commissioner’s discretion. Based on the evidence supplied, the Commissioner has determined that for those income years:

- it is because of its nature the business activity of a Grower will not satisfy one of the four tests in Division 35; and
- there is an objective expectation that within a period that is commercially viable for the afforestation industry, a Grower’s business activity will satisfy one of the four tests set out in Division 35 or produce a taxation profit.

127. A Grower who would otherwise be required to defer a loss arising from their participation in the Project under subsection 35-10(2) until a later income year is able to offset that loss against their other assessable income.

128. The exercise of the Commissioner’s discretion under paragraph 35-55(1)(b) for Growers who will stay in the project until its completion is conditional on the Project being carried on in the manner described in this Ruling during the income years specified. If the Project is carried out in a materially different way to that described in the Ruling, a Grower will need to apply for a private ruling on the application of section 35-55 to those changed circumstances.

Section 82KL – recouped expenditure

129. The operation of section 82KL of the ITAA 1936 depends, among other things, on the identification of a certain quantum of ‘additional benefit(s)’. Insufficient ‘additional benefits’ will be provided to trigger the application of section 82KL of the ITAA 1936. It will not apply to deny the deduction otherwise allowable under section 8-1.

Part IVA – general tax avoidance provisions

130. For Part IVA of the ITAA 1936 to apply there must be a ‘scheme’ (section 177A), a ‘tax benefit’ (section 177C) and a dominant purpose of entering into the scheme to obtain a tax benefit (section 177D).

131. The Great Southern 2009 High Value Timber Project will be a 'scheme' and a Grower will obtain a 'tax benefit' from entering into the 'scheme', in the form of tax deductions for the amounts detailed at paragraphs 31 and 40 of this Ruling that would not have been obtained but for the scheme. However, it is not possible to conclude the scheme will be entered into or carried out with the dominant purpose of obtaining this tax benefit.

132. Growers to whom this Ruling applies will derive assessable income from holding or disposing of their 'forestry interest' in the Project. There are no facts that would suggest that Growers have the opportunity of obtaining a tax advantage other than the tax advantages identified in this Ruling. There is no non-recourse financing or round robin characteristics, and no indication that the parties are not dealing at arm's length or, if any parties are not dealing at arm's length, that any adverse tax consequences result. Further, having regard to the factors to be considered under paragraph 177D(b) of the ITAA 1936 it cannot be concluded, on the information available, that Growers will enter into the scheme for the dominant purpose of obtaining a tax benefit.

Appendix 2 – Detailed contents list

133. The following is a detailed contents list for this Ruling:

	Paragraph
What this Ruling is about	1
Class of entities	3
Superannuation Industry (Supervision) Act 1993	8
Qualifications	9
Date of effect	12
Changes in the law	14
Note to promoters and advisers	16
Goods and Services Tax	17
Ruling	18
Structure of the Project	18
Carrying on a business	21
Concessions for 'small business entities'	22
The '70% DFE rule' and the establishment of the trees	24
<i>Section 394-10</i>	24
Allowable deductions	27
<i>Sections 8-5, 394-10, 394-20 and Division 27</i>	27
'CGT event' within 4 years for Growers who are 'initial participants'	32
<i>Subsections 394-10(5) and (6)</i>	32
Insurance premiums, interest on loans to finance the 'forestry interest' of a Grower, and the Monthly Loan Service Fee	35
<i>Section 8-1</i>	35
Borrowing costs	38
<i>Section 25-25</i>	38
Assessable income, 'CGT events' and the 'forestry interests' of Growers who are 'initial participants'	41
<i>Sections 6-10, 17-5 and 394-25</i>	41
Amounts received by Growers where the Project trees are thinned	44
<i>Section 6-5</i>	44
Division 35 – deferral of losses from non-commercial business activities	45
<i>Section 35-55 – exercise of Commissioner's discretion</i>	45
Prepayment provisions and anti-avoidance provisions	47
<i>Sections 82KZM, 82KZME, 82KZMF, 82KL and Part IVA</i>	47
Scheme	48
Overview	51
Constitution	59

Compliance Plan	64
Plantation lease	65
Sub-lease of land to Growers	67
Land and Management Agreement	70
Distribution of the proceeds of sale	74
Fees	75
<i>Fees payable under the LMA</i>	76
<i>Fees payable under the (sub) Lease and Forest Right Agreement</i>	78
Finance offered by the Preferred Financier	80
Interim interest free finance offered by Great Southern Finance Pty Ltd	84
Appendix 1 – Explanation	86
Structure of the Project	86
Is the Grower carrying on a business?	88
Allowable deductions	91
<i>Sections 8-5, 12-5, 394-10 and 394-20</i>	91
The ‘70% DFE rule’	92
<i>Paragraph 394-10(1)(c) and section 394-35</i>	92
<i>The other elements for deductibility under subsection 394-10(1)</i>	97
<i>Loss of deductions previously allowed under section 394-10(1)</i>	103
Interest on loans to finance the ‘forestry interest’ of a Grower	107
<i>Section 8-1</i>	107
Prepayment provisions	112
<i>Sections 82KZL to 82KZMF</i>	112
Borrowing costs	116
<i>Section 25-25</i>	116
Assessable income, ‘CGT events’ and the ‘forestry interests’ of Growers who are ‘initial participants’	119
<i>Sections 6-10, 10-5 and 394-25</i>	119
<i>Subsection 394-25(2)</i>	120
<i>Market value rule applies to ‘CGT events’</i>	121
Amounts received by Growers where the Project trees are thinned	124
<i>Section 6-5</i>	125
Sections 35-10 and 35-55 – deferral of losses from non-commercial business activities and the Commissioner’s discretion	126
Section 82KL – recouped expenditure	129
Part IVA – general tax avoidance provisions	130
Appendix 2 – Detailed contents list	133

References

Previous draft:

Not previously issued as a draft

*Related Rulings/Determinations:*TR 97/7; TR 97/11; TR 98/22;
TR 2007/6; PR 2008/65;
PR 2008/72*Subject references:*

- 4 year holding period
- 70 per cent DFE rule
- carrying on a business
- DFE
- direct forestry expenditure
- forestry interest
- forestry MIS
- interest expenses
- managed investment schemes
- market value substitution rule
- payments under the scheme
- producing assessable income
- product rulings
- reasonable expectation
- tax avoidance
- taxation administration

Legislative references:

- ITAA 1936 82KL
- ITAA 1936 Pt III Div 3 Subdiv H
- ITAA 1936 82KZL
- ITAA 1936 82KZM
- ITAA 1936 82KZMA
- ITAA 1936 82KZMB
- ITAA 1936 82KZMC
- ITAA 1936 82KZMD
- ITAA 1936 82KZME
- ITAA 1936 82KZMF
- ITAA 1936 Pt IVA
- ITAA 1936 170
- ITAA 1936 177A
- ITAA 1936 177C
- ITAA 1936 177D
- ITAA 1936 177D(b)
- ITAA 1936 318
- ITAA 1997
- ITAA 1997 6-5
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- ITAA 1997 8-1
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- ITAA 1997 10-5
- ITAA 1997 12-5
- ITAA 1997 17-5
- ITAA 1997 25-25
- ITAA 1997 25-25(1)
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- ITAA 1997 Div 35
- ITAA 1997 35-10
- ITAA 1997 35-55
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- ITAA 1997 328-110
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- ITAA 1997 394-10(6)
- ITAA 1997 394-10(7)
- ITAA 1997 394-15(1)
- ITAA 1997 394-15(2)
- ITAA 1997 394-15(4)
- ITAA 1997 394-15(5)
- ITAA 1997 394-20
- ITAA 1997 394-25
- ITAA 1997 394-25(1)(c)
- ITAA 1997 394-25(2)
- ITAA 1997 394-25(3)
- ITAA 1997 394-30
- ITAA 1997 394-35
- ITAA 1997 394-35(1)
- ITAA 1997 394-35(2)
- ITAA 1997 394-35(3)
- ITAA 1997 394-35(4)
- ITAA 1997 394-35(5)
- ITAA 1997 394-35(6)
- ITAA 1997 394-35(7)
- ITAA 1997 394-35(8)
- ITAA 1997 394-40
- ITAA 1997 394-45
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- TAA 1953 Sch 1 394-10
- SISA 1993
- Copyright Act 1968
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Case references:

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