


PR 2004/101A - Addendum - Income tax: Queensland Paulownia Forests Project No. 8 - Capital Forestry Units (Discounted Fees)

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Addendum

Product Ruling

Income tax: Queensland Paulownia Forests Project No. 8 – Capital Forestry Units (Discounted Fees)

This Addendum amends Product Ruling PR 2004/101 to reflect changes to simplified tax system legislation from 1 July 2005.

PR 2004/101 is amended as follows:

1. Paragraph 39

Omit the paragraph and substitute:

39. To be an 'STS taxpayer' a Unit Holder 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 Unit Holder participating in the Project, the recognition of income and the timing of tax deductions is different under the STS where the Unit Holder uses the cash accounting method.

2. Paragraph 44

Omit the paragraph and substitute:

44. A Unit Holder 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 45

Omit the paragraph and substitute:

45. A Unit Holder 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 2004/101**4. Paragraph 47**

- (a) Omit the paragraph and substitute:

47. However, if for any reason, an amount shown or referred to in the Table below is not fully paid in the year in which it is incurred by a Unit Holder who is an 'STS taxpayer' using the cash accounting method then the amount is only deductible to the extent to which it has been paid, or has been paid for the Unit Holder. Any amount or part of an amount shown in the Table below which is not paid by the Unit Holder who is an 'STS taxpayer' using the cash accounting method in the year in which it is incurred will be deductible in the year in which it is actually paid. The years shown in the Table below relate to a Unit Holder who is accepted into the Project on or before 30 June 2005.

- (b) Omit the table and substitute:

Fee Type	Year ended 30 June 2005	Year ended 30 June 2006	Year ended 30 June 2007
Establishment services fee	\$1,042.10 See Notes (i) & (ii)		
Licence fee	See Notes (i) & (iii)		
Interest incurred or paid to QPFL Finance Pty Ltd	As incurred (Non-STs taxpayers) Or as paid (STs taxpayers) See Note (iv)	As incurred (Non-STs taxpayers and STs taxpayers using accruals accounting) Or as paid (STs taxpayers) See Note (iv)	As incurred (Non-STs taxpayers and STs taxpayers using accruals accounting) Or as paid (STs taxpayers) See Note (iv)

- (c) Omit the second sentence in Note (ii) and substitute:

The Establishment services fee is deductible in the income year in which it is incurred (where the Unit Holder is not an 'STS taxpayer' or an 'STS taxpayer' using the cash accounting method) or in the year in which it is paid (where the Unit Holder is an 'STS taxpayer' using the cash accounting method).

- (d) 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 Unit Holder is not an ‘STS taxpayer’ or an ‘STS taxpayer’ using the cash accounting method) or in the year in which it is paid (where the Unit Holder is an ‘STS taxpayer’ using the cash accounting method).

This Addendum applies on and from 1 July 2005.

Commissioner of Taxation

25 January 2006

ATO references

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